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STATE OF MISSISSIPPI)

COUNTY OF DESOTO)

THIS INSTRUMENT AFFECTS INTEREST IN LAND LOCATED IN
DESOTO COUNTY, MISSISSIPPI, THE PLAT OF WHICH IS
FILED FOR RECORD IN THE LAND RECORDS OF YOUR OFFICE
AT PLAT BOOK 14, PAGES 11-15, AND THE NORTHWEST
QUARTER OF SECTION 24, TOWNSHIP 1 SOUTH, RANGE 6
WEST.

CONSENT TO HYPOTHECATION OF LEASE
AND LANDLORD'S WAIVER

This Consent to Hypothecation of Lease and Landlord's Waiver (the
"Consent") is made this 14 day of June, 1996, by and between DESOTO
COUNTY, MISSISSIPPI ("Lessor") and FOOTHILL CAPITAL CORPORATION, a
California corporation ("Lender").

W I T N E S S E T H:

WHEREAS, Lessor is the owner of that certain real property located in
the County of DeSoto, State of Mississippi, more particularly described in
Exhibit "A" attached hereto and incorporated by this reference hereby as if fully set
forth herein (the "Premises"); and

WHEREAS, on April 1, 1985, Lessor, as lessor, and MARIETTA
AMERICAN, INC., a Mississippi corporation, formerly known as American Soap
company, Inc., as lessee ("Lessee"), entered into that certain lease relating to the
Premises, as amended on November 1, 1988, and as set forth on Exhibit "B"
attached hereto and incorporated herein by this reference (as so amended, the
"Lease"); and

WHEREAS, Lessor and Lessee entered into the Lease in connection with the issuance of Lessor's Variable Rate Industrial Development Revenue Refunding Bonds (American Soap Company, Inc. Project) Series 1988 (the "Bond"), the proceeds of which were used to finance an expansion to an existing industrial enterprise which is presently leased to and operated by Lessee pursuant to the Lease; and

WHEREAS, the Bonds are issued under and pursuant to a Trust Indenture dated as of November 1, 1988 (the "Indenture"), between Lessor and Trustmark National Bank, Jackson, Mississippi, as trustee (the "Trustee"); and

WHEREAS, the Bonds are payable from and secured by rental payments made by Lessee under the Lease and are further secured by a Letter of Credit (the "Initial Letter of Credit") issued by NationsBank of Tennessee (the "Bank") in favor of the Trustee and by Irrevocable Letter of Credit No. S750040 dated May 7, 1996 (the "Alternate Credit Facility"), issued by Norwest Bank Minnesota, National Association ("Norwest") in favor of the Trustee, which Alternate Credit Facility will be substituted for the Initial Letter of Credit effective June 15, 1996; and

WHEREAS, Lessee has entered into certain financing agreements, each dated as of March 8, 1996 (all such financing agreements, as the same may be modified, amended, restated or supplemented are the "Financing Agreements") with Lender, to be partially secured by a deed of trust ("Leasehold Mortgage") encumbering Lessee's interest in the Lease; and

WHEREAS, Lender has entered into that certain Security Agreement ("Security Agreement"), dated as of March 8, 1996, which, with the Leasehold Mortgage, covers, in part, all of Lessee's right, title and interest in personal property located on the Premises, including, but not limited to, all merchandise, goods, equipment, fixtures, furnishings, furniture, machinery, inventory, tools and other property of Lessee, together with all additions, substitutions, replacements and improvements to the same, whether now owned or hereafter acquired and the proceeds and products thereof (collectively "Personal Property"), and

WHEREAS, amounts disbursed pursuant to the Financing Agreements are being used among other reasons, to provide funding for the acquisition of all of the capital stock in Marietta Corporation, a New York corporation and the sole shareholder of Lessee; and

WHEREAS, because Lessor is materially interested in Lessee's financial success and Lessor agrees that the Financing Agreements are in the best interest of Lessee, Lessor has agreed to execute and deliver this Consent to Lender.

WHEREAS, it is an obligation under the Financing Agreements that this Consent be executed.

NOW, THEREFORE, in consideration of any financial accommodations extended or to be extended by Lender to Lessee, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the undersigned agree as follows:

1. Lessor Consents to Leasehold Financing. Lessor hereby consents to the hypothecation, pledge and assignment of Lessee's interest in the Lease by means of the Leasehold Mortgage, provided that the Leasehold Mortgage is junior and subordinate to the liens of the Indenture and of the Leasehold Deed of Trust and Security Agreement dated November 22, 1988, from Lessee to Sovran Bank/Central South, the Bank's predecessor in interest, and to any leasehold deed of trust from Lessee to Norwest in its capacity as issuer of the Alternate Credit Facility.
2. Representations and Warranties of Lessor. Lessor hereby represents and warrants that the Lease is unmodified and in full force and effect; the rental payable under the Lease is presently an amount sufficient to pay the debt service on the Bonds as the same comes due, subject to credits for draws made on the Letter of Credit; all rents and other sums payable by Lessee thereunder have been paid through May 1, 1996; the term of the Lease expires on December 1, 2008; and neither Lessee nor Lessor is in default under any of the terms, covenants or conditions contained in the Lease, nor has any event occurred which would, with the passage of time, or giving of notice, or both, constitute a default under any of the terms, covenants or conditions contained in the Lease.
3. Rights in the Lease. Lessor hereby agrees that until the time, if any, that the Leasehold Mortgage shall be satisfied or Lender shall give Lessor written notice that the Leasehold Mortgage has been satisfied:
 - A. Modifications, Surrender, Etc. of Lease. No cancellation, termination, surrender, acceptance of surrender or modifications of the Lease shall be binding upon Lender or affect the lien of the Leasehold Mortgage, without the prior written consent of Lender, which consent shall not be unreasonably withheld.
 - B. Notices Required Under the Lease. No notice, demand, election or other communication required or permitted to be given under the Lease (all of the foregoing hereinafter in this subdivision B collectively being referred to as "notices", and each of them, as a "notice") which shall be given by Lessor to Lessee shall be binding upon or affect Lender, unless a copy of said notice shall be given to Lender within the time when such notice shall be required or permitted to be given to Lessee. In the case of an assignment of the Leasehold Mortgage or change in address of Lender, the assignee thereof or Lender, by notice to Lessor, may change the address to which copies of notices are to be sent as herein provided. All notices and copies of notices to be given to Lender as provided in this Section shall be given in the same manner as is provided in the Lease in respect of notices to be given by Lessor or Lessee.

C. Lender's Right to Perform Under the Lease. Lender shall have the right to perform any term, covenant, condition or agreement under the Lease, to exercise any of Lessee's rights under the Lease (including, without limitation, the right to exercise any options to extend or purchase) and to remedy any default by Lessee under the Lease, and Lessor shall accept such performance by Lender with the same force and effect as if furnished by Lessee.

D. Termination Pursuant to the Lease. If Lessor shall give a notice of default to Lessee pursuant to the provisions of the Lease, and if such default shall not be remedied within the applicable grace period provided for in the Lease, and Lessor shall thereby, or otherwise, become entitled to give a notice of election to terminate the Lease, then, except with respect to a default relating to a covenant or agreement to pay a sum of money (in which case Lessor shall nonetheless provide to Lender the notice and opportunity to cure which is provided in Section 8.7 of the Lease), before giving any such notice of election to terminate the Lease, Lessor shall give to Lender not less than thirty (30) days additional written notice of the default, and shall allow Lender such additional thirty (30) days within which to cure the default. The rights of Lender under this subdivision D are in addition to such rights as are given to Lender under subdivision G of this Section and in Section 8.7 of the Lease.

E. Termination Pursuant to Statute. In case of a default by Lessee in the performance or observance of any term, covenant, condition or agreement on Lessee's part to be performed under the Lease, if Lessor shall not elect to terminate the Lease pursuant to the terms of the Lease, and shall instead bring a proceeding to dispossess Lessee and/or other occupants of the Premises or to re-enter the Premises or to terminate the Lease, by reason of such default, pursuant to any statute now or hereafter enacted, then Lessor shall, before commencing such proceeding, give to Lender thirty (30) days written notice of such default and shall allow Lender such thirty (30) day period within which to cure such default. The rights of Lender under this subdivision E are in addition to such rights as are given to Lender under subdivision G of this Section.

F. Delegation of Rights from Lessee to Lender. Lessee may delegate irrevocably to Lender the authority to exercise any or all of Lessee's rights under the Lease. Any provision of the Financing Agreements which gives to Lender the privilege of exercising a particular right of Lessee under the Lease on condition that Lessee shall have failed to exercise such right shall not be deemed to diminish any privilege which Lender may have, by virtue of this Consent, to exercise such right without regard to whether or not Lessee shall have failed to exercise such right.

G. Non-Monetary Defaults Under the Lease. In case of a default by Lessee in the performance or observance of any term, covenant, condition or agreement on Lessee's part to be performed under the Lease, other than a term, covenant, condition or agreement requiring the payment of a sum of money, if such default is of such a nature that the same cannot practicably be

cured by Lender without taking possession of the Premises, or if such default is of such a nature that the same cannot be cured by Lender, then Lessor shall not serve a notice of election to terminate the Lease pursuant to the terms of the Lease, or otherwise, or otherwise terminate the leasehold estate of Lessee thereunder by reason of such default, if and so long as:

(i) in the case of a default which can practicably be cured by Lender without taking possession of the Premises, Lender shall deliver to Lessor, within thirty (30) days after notice from Lessor, a written instrument wherein Lender agrees that it will cure such default; or

(ii) in the case of a default which cannot practicably be cured by Lender without taking possession of the Premises, Lender shall, if practicable in Lender's discretion, proceed to obtain possession of the Premises as mortgagee (through the appointment of a receiver or otherwise), and, upon obtaining possession, shall promptly commence and duly prosecute to completion such action as may be necessary to cure such default; or

(iii) in the case of a default which cannot be cured by Lender, Lender shall institute and prosecute to completion, subject to the provisions of law and the order of any court, judicial or nonjudicial, foreclosure proceedings, unless, in the meantime, Lender shall acquire Lessee's estate thereunder, either in its own name or through a nominee, by assignment in lieu of foreclosure or unless prohibited by applicable law.

Lender shall not be required to continue to proceed to obtain possession, or to continue in possession as mortgagee, of the Premises pursuant to clause (ii) above, or to continue to prosecute foreclosure proceedings pursuant to clause (iii) above, if and when such default shall be cured. Nothing herein shall preclude Lessor from exercising any of its rights or remedies with respect to any other default by Lessee during any period when Lessor shall be forbearing termination of the Lease as above provided, but in such event Lender shall have all of the rights and protections hereinabove provided for. If Lender, or its nominee, or a purchaser at a foreclosure sale (which purchaser shall become Lessee thereunder), shall acquire title to Lessee's leasehold estate thereunder, and shall cure all defaults of Lessee thereunder which can be cured by Lender, or by said purchaser, as the case may be, then the defaults of any prior holder of Lessee's leasehold estate thereunder which cannot be cured by Lender (or by said purchaser) shall no longer be deemed to be defaults thereunder. Further, if Lender shall acquire title to Lessee's interest in the Lease, Lender shall, subject to compliance with the requirements of Section 8.1 of the Lease, so long as the Bonds are outstanding, be entitled to assign the Lease to a third party, and upon such assignment Lender shall be relieved of all liability under the Lease, provided that such assignee has delivered to Lessor and the Trustee its written agreement to be bound by all provisions of the Lease.

H. Lender's Right to a New Lease Upon A Termination or Disaffirmation of the Lease. If the Lease shall terminate pursuant to the terms of the Lease, or shall otherwise terminate by reason of a default of Lessee thereunder, or if the lease is disaffirmed in a bankruptcy proceeding affecting Lessee, and if within thirty (30) days after written notice is delivered to Lender of such termination or disaffirmation (which Lessor shall deliver to Lender upon such termination or disaffirmation), Lender, by written notice to Lessor, shall request Lessor to enter into a new lease of the Premises pursuant to this subdivision H, then Lessor shall enter into a new lease with Lender (or its nominee), on a non-recourse basis to Lender within thirty (30) days after the giving of said written notice by Lender. Simultaneously with the giving of a notice pursuant to this subdivision H, Lender shall deliver to Lessor a written instrument agreeing to cure all defaults of Lessee under the Lease (other than defaults which cannot be cured by Lender) and, so long as the Bonds are outstanding, to obtain the written consent of the Trustee, the Bank and the Mississippi Department of Economic and Community Development to such new lease. In addition, so long as the Bonds are outstanding, if requested to do so by Lessor or the Trustee, Lender shall provide Lessor and the Trustee with an opinion of nationally recognized bond counsel to the effect that such new lease will not adversely affect the tax-exempt status of interest on the Bonds. Said new lease shall commence, and rent and all obligations of the tenant under the new lease shall accrue, as of the date of termination or disaffirmation of the Lease. The term of said new lease shall continue for the period which would have constituted the remainder of the term of the Lease had the Lease not been terminated or disaffirmed, and shall be upon all of the terms, covenants, conditions, conditional limitations and agreements contained therein which were in force and effect immediately prior to the termination or disaffirmation of the Lease. Said new lease, and this covenant, shall be superior to all rights, liens and interests, other than those to which the Lease shall have been subject immediately prior to termination or disaffirmation and those matters to which the Lease may, by its terms, become subject. If the conditions of the immediately preceding three sentences are satisfied to the extent applicable, Lessor shall have no obligation to do anything, other than to execute said new lease as herein provided, to assure to Lender or to the tenant under the new lease good title to the leasehold estate granted thereby. Each subtenant, if any, of space in the Premises whose sublease was in force and effect immediately prior to the delivery of said new lease shall attorn to the tenant under the new lease, unless said lessee shall, at its option, elect to dispossess said subtenant or otherwise terminate the sublease held by said subtenant. Each subtenant who hereafter subleases space within the Premises shall be deemed to have agreed to the provisions of this paragraph. The foregoing shall not be deemed to obligate Lessor to keep any sublease in force and effect after the termination or disaffirmation of the Lease, nor shall Lessor have any obligation to terminate any sublease or to dispossess any subtenant. Lender shall, simultaneously with the delivery of the new lease, pay to Lessor (a) all rent and other sums of money due under the Lease on the date of termination or disaffirmation of the Lease and remaining unpaid, plus (b) all rent and other sums of money due under the new lease for the period from the date of commencement of the term thereof to the date of delivery of the new lease.

Simultaneously therewith, Lessor shall pay over to Lender any rentals, less costs and expenses of collection, received by Lessor between the date of termination or disaffirmation of the Lease and the date of execution of said new lease, from subtenants or other occupants of the Premises which shall not theretofore have been applied by Lessor towards the payment of rent or any other sum of money payable by Lessee thereunder or towards the cost of operating the Premises or performing the obligations of Lessee thereunder.

If Lender shall exercise its right to obtain a new lease pursuant to this subdivision H, but shall fail to execute such a new lease when tendered by Lessor, or shall fail to comply timely with the other provisions of this subdivision H, then Lender shall have no further rights to a new lease or any other rights under this subdivision H. If Lender shall, however, execute a new lease then Lender shall be entitled to assign such new lease to a third party and upon such assignment Lender be relieved of all liability under such new lease.

Except as provided in this subdivision H, no mortgage now or hereafter a lien upon the Lease shall extend to or affect the reversionary interest and estate of Lessor in and to the Premises, or in any manner affect the Premises from and after any expiration or termination of the Lease.

4. Rights in Personal Property. In all circumstances, and regardless of whether Lender elects to cure any or all of Lessee's defaults under the Lease and regardless of whether Lender and Lessor ever enter into a new lease:

A. Waiver of Landlord Liens. Lessor hereby waives and relinquishes all statutory landlord's liens or any other rights of levy or distraint to satisfy any judgment for rent or other payments payable with respect to the Personal Property;

B. Personal Property to Remain Personal Property. Lessor agrees that the Personal Property may be installed on or otherwise affixed to the Premises and shall not be deemed a fixture or part of the real estate but shall at all times be considered personal property notwithstanding the manner of their annexation to the Premises, their adaptability to the uses and purposes for which the Premises are used, or the intentions of the party making the annexation;

C. Lessor's Interest in Personal Property. Except as otherwise expressly provided herein, until this Consent terminates as provided for herein, Lessor hereby disclaims any interest in the Personal Property and agrees not to accept any security interest in the Personal Property, and agrees not to assert any claims against the Personal Property;

5. Lender's Right To Enter The Premises and Remove The Personal Property. Lessor hereby agrees that Lender or its representatives may enter upon the Premises at any time, whether prior to or after a default or termination of the

Lease or abandonment of the Premises, and regardless of whether Lender decides to enter into a new lease with Lessor, to inspect, repair, assemble, have appraised, display, sever, remove and maintain the Personal Property and may prepare for sale or lease, advertise, lease, transfer, and/or sell (at public auction or private sale) the Personal Property. All physical damage to the Premises caused by the removal of the Personal Property by Lender shall be reimbursed or repaired by Lender at its expense. If Lender shall elect not to enter into a new lease with Lessor, then at the option of Lender, said Personal Property may remain upon said Premises (without Lender being deemed to be taking possession of said Premises) for a period of one hundred twenty (120) days after the receipt by Lender of written notice from the Lessor directing removal. During said one hundred twenty (120)-day period, Lender shall pay Lessor periodically a per diem occupancy fee equivalent to one thirtieth of the monthly rental provided for in the Lease based upon a thirty (30) day month for actual days of occupancy by Lender. Any extensions of the foregoing period shall be with the written consent of Lessor and at the same rate.

Notwithstanding the foregoing provisions of this Section and Section 4 above, so long as the Bonds are outstanding, for purposes of this Agreement only (and not in limitation of the Leasehold Mortgage or the Security Agreement), the Personal Property shall not include the Leased Equipment (as defined in the Lease) and any substitutions therefor pursuant to Section 6.11 of the Lease.

6. Notices. All notices to Lender shall be delivered to:

FOOTHILL CAPITAL CORPORATION
11111 Santa Monica Blvd., Suite 1500
Los Angeles, California 90025-3333
Attn: Tricia McLoughlin

7. Termination of this Consent. This Consent shall continue until Lender's security interest in the Personal Property has been terminated and all obligations owing by Lessee to Lender have been paid, performed and satisfied in full.

8. Third Party Rights. This Consent shall not create any rights or entitlements in any party other than Lessor and Lender.

9. Successors and Assigns. This Consent shall be binding upon Lessor, its successors and assigns and any successor lessor under the Lease (including, but not limited to, any party which obtains an ownership interest in the Premises by means of a foreclosure) or a deed in lieu of foreclosure and shall inure to Lender, its participants and any and all of Lender's or Lender's Participants' successors and assigns. References herein to the Trustee and the Bank shall include the respective successors and assigns of such parties.

10. Section Headings. Section Headings are used herein strictly for the convenience of the parties and shall have no legal effect whatsoever.

11. CHOICE OF LAW; VENUE; JURY TRIAL WAIVER. THE VALIDITY OF THIS CONSENT, ITS CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT, AND THE RIGHTS OF THE PARTIES HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. LESSOR AND LENDER HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. LESSOR AND LENDER REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

Dated as of this ____ day of June, 1996

"Lessor"

DESOTO COUNTY, MISSISSIPPI

By Tommy Lewis

Print Name: Tommy Lewis

Title: Vice President



By W. E. Davis

Print Name: W. E. Davis

Title: Chancery Court Clerk

"Lender"

FOOTHILL CAPITAL CORPORATION,
a California corporation

By [Signature]

Print Name: Supriya D. [Signature]

Title: Supriya D. [Signature]

By execution below a MARIETTA AMERICAN, INC., a Mississippi corporation, as Lessee, agrees and consents to all of the terms, covenants, conditions and agreements contained in this Consent.

"Lessee"

MARIETTA AMERICAN, INC.,
a Mississippi corporation

By 

Print Name: Barry W. Floresque

Title: President (President)

By 

Print Name: Philip A. Shager

Title: CFO (Chief Financial Officer)

EXHIBIT "A"
TO CONSENT TO HYPOTHECATION OF LEASE
AND LANDLORD'S WAIVER

LEGAL DESCRIPTION

PARCEL 1:

Description of the Desoto County 10.057 Acre Tract in Sec. 24, T-1-S, R-6-W, Olive Branch, Desoto County Miss. Being the same Property as recorded in Deed Book 177, Page 648 and being more particularly described as follows: Beginning at the northwest corner of section 24, T-1-S, R-6-W, Desoto County Mississippi; thence south 0 deg. 19 min. west along the west line of Section 24, a distance of 1910.59 ft. to a point at the intersection of the west line of section 24, and the south line of Green Valley Dr. as projected; thence south 89 deg. 41 min. 20 sec. east along the south line of Green Valley Dr. and the projection thereof 1033.0 ft. to a point; said point being the true point of beginning of the hereafter described 10.057 acre tract; thence south 89 deg. 41 min. 20 sec. east along the south line of Green Valley Dr. 200.0 ft. to a point of curve; thence continuing along the southeast line of Green Valley Dr. in a northeastwardly direction, along a curve to the left having a radius of 180 ft. a central angle of 90 deg. a distance of 282.74 ft. to point; thence south 89 deg. 41 min. 20 sec. east along the south line of lot 19, 328.49 ft. to a 1 1/4 in. iron pipe; thence south 0 deg. 17 min. 22.9 sec. west along the east line of lot 20, 684.5 ft. to a point; thence north 89 deg. 41 min. 20 sec. west along the north line of lots 64 and 65, section D, Holiday Industrial Park, 508.79 ft. to a 3/8 in. iron pin; thence north 0 deg. 19 min. east, along the east line of lot 64, 34.81 ft. to a point; thence westwardly along the south line of lot 21, along a curve to the right having a radius of 590.75 ft. a central angle of 10 deg. 27 min. 13 sec. a distance of 107.78 ft. to a point; thence north 89 deg. 41 min. 20 sec. west along the south lines of lots 21 and 22, 157.61 ft. to a point; thence north 0 deg. 19 min. east along the east edge of a one-story metal building and the projection thereof 305.0 ft. to a point; thence south 89 deg. 41 min. 20 sec. east 64.8 ft. to a point; thence north 0 deg. 19 min. east along the east line of lot 22, 174.5 ft. to the point of beginning, containing 438,067.8 sq. ft. or 10.057 acres.

Subject to Olive Branch & Desoto Co. Subdivision & Zoning Regulations;

ACCORDING TO FLOOD HAZARD BOUNDARY MAP, COMMUNITY PANEL 280050-0003 A, THIS PROPERTY IS NOT IN A FLOOD ZONE.

PARCEL 2:

Description of the Marietta Realty Holdings LTD, a New York Corporation 2.298 acre tract in sec. 24, T-1-S, R-6-W, Olive Branch, Desoto County, MS. Being the same property as recorded in Special Warranty Deed Book 215, Page 726 and being more particularly described as follows: Beginning at the northwest corner of section 24, T-1-S, R-6-W, Desoto County Mississippi; thence north 0 deg. 19 min. west along the west line of section 24, a distance of 1910.59 ft. to a point at the intersection of the west line of section 24, and the south line of Green Valley Drive as projected; thence south 89 deg. 41 min. 20 sec. east along the south line of Green Valley Drive and the projection thereof 783.0 ft. to a point; said point being the true point of beginning of the hereafter described 2.298 acre tract; thence south 89 deg. 41 min. 20 sec. east along the south line of Green Valley Drive 250.0 ft. to the point; said point being the northwest corner of lot 21; thence south 0 deg. 19 min. west along the west line of lot 21, a distance of 174.5 ft. to a point; thence north 89 deg. 41 min. 20 sec. west 64.8 ft. to a point; thence south 0 deg. 19 min. west along the east edge of a one story metal building, (No. 11170 Green Valley Drive) and the projection thereof 305.0 ft. to a iron pin in the south line of lot 22; thence north 89 deg. 41 min. 20 sec. west along the south line of lot 22, a distance of 185.2 ft. to a point; thence north 0 deg. 19 min. east 479.5 ft. to the point of beginning, containing 100.11 sq. ft. or 2.298 acres.

Subject to Olive Branch and Desoto County Subdivision and Zoning Regulations;

ACCORDING TO FLOOD HAZARD BOUNDARY MAP, COMMUNITY PANEL 280050-0003 A, THIS PROPERTY IS NOT IN A FLOOD ZONE.

BOOK

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EXHIBIT "B"
TO CONSENT TO HYPOTHECATION OF LEASE
AND LANDLORD'S WAIVER

LEASE

STATE OF NEW YORK)
 CORTLAND) ss.
 COUNTY OF DESOTO)

On ^{JUNE} March 30, 1996, before me, the undersigned, a notary public in and for said State, personally appeared BARRY N. FLORESCU, personally known to me (or proved to me on the basis of satisfactory evidence) to be person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

JULIAN F. STANCZYK, JR.
 Notary Public in the State of New York
 Qualified in Gen. Co. No. 34-3807185
 My Commission Expires March 30, 1997
 APR

Signature

Notary Public

[SEAL]

STATE OF NEW YORK)
 CORTLAND) ss.
 COUNTY OF DESOTO)

On ^{JUNE} March 30, 1996, before me, the undersigned, a notary public in and for said State, personally appeared PHILIP A. SHAGER, personally known to me (or proved to me on the basis of satisfactory evidence) to be person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

JULIAN F. STANCZYK, JR.
 Notary Public in the State of New York
 Qualified in Gen. Co. No. 34-3807185
 My Commission Expires March 30, 1997
 APR

Signature

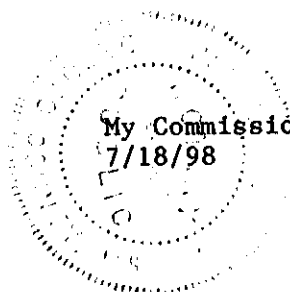
Notary Public

[SEAL]

STATE OF MISSISSIPPI)
COUNTY OF DESOTO) ss.

On ~~May~~ ^{June} 5, 1996, before me, the undersigned, a notary public in and for said State, personally appeared Tommy Lewis, Vice President, DeSoto County Board of Supervisors personally known to me (or proved to me on the basis of satisfactory evidence) to be person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

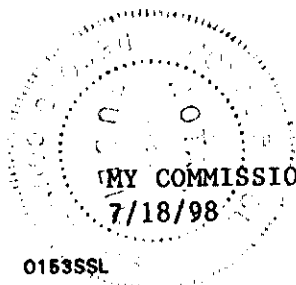


Signature Jospe B. Gomez [SEAL]
Notary Public

STATE OF MISSISSIPPI)
) ss.
COUNTY OF DESOTO)

On ~~May~~ ^{June} 5, 1996, before me, the undersigned, a notary public in and for said State, personally appeared W. E. DAVIS, CHANCERY COURT CLERK, personally known to me (or proved to me on the basis of satisfactory evidence) to be person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

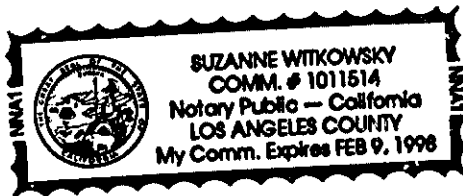


Signature Laurel B. Young [SEAL]
Notary Public

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On ^{JULY} May 3, 1996, before me, the undersigned, a notary public in and for said State, personally appeared Patricia McLoughlin, personally known to me (or proved to me on the basis of satisfactory evidence) to be person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



Signature Suzanne Witkowski [SEAL]
Notary Public

AMENDED LEASE AGREEMENT

Dated as of November 1, 1988

Between

DeSoto County, Mississippi

and

American Soap Company, Inc.

\$4,875,000 Variable Rate Industrial Development Revenue
Refunding Bonds (American Soap Company, Inc. Project)
Series 1988

CERTAIN RIGHTS OF THE DESOTO COUNTY, MISSISSIPPI UNDER THIS AGREEMENT HAVE BEEN ASSIGNED TO, AND ARE SUBJECT TO A SECURITY INTEREST IN FAVOR OF, TRUSTMARK NATIONAL BANK, TRUSTEE FOR THE HOLDERS OF THE ABOVE CAPTIONED BONDS UNDER A TRUST INDENTURE, DATED AS OF THE DATE FIRST ABOVE WRITTEN AS AMENDED OR SUPPLEMENTED FROM TIME TO TIME. INFORMATION CONCERNING SUCH SECURITY INTEREST MAY BE OBTAINED FROM THE TRUSTEE AT 248 E. CAPITOL STREET, JACKSON, MISSISSIPPI 39201, ATTENTION: CORPORATE TRUST DEPARTMENT.

RSL:00405RSL
1740.80786

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This AMENDED LEASE AGREEMENT, dated as of November 1, 1988, between DeSoto County, Mississippi, a political subdivision duly organized and existing under the Constitution and laws of the State of Mississippi (the "Issuer"), and American Soap Company, Inc., a Mississippi corporation (the "Lessee"),

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Section 57-3-1, et seq., Mississippi Code of 1972, as amended (the "IDB Act") and the provisions of that certain Trust Indenture between the Issuer and First Tennessee Bank National Association, as Trustee (the "Prior Trustee"), the Issuer issued its Industrial Development Revenue Bonds, Series 1985 (American Soap Company, Inc. Project) dated April 29, 1985 (the "Series 1985 Bonds");

WHEREAS, the proceeds of the Series 1985 Bonds were used to acquire an expansion to a then existing industrial enterprise, which expansion consisted of land, buildings, improvements, machinery and equipment (all of which expansion constituted the "Project");

WHEREAS, the Project was leased by the Issuer to the Lessee pursuant to a Lease Agreement dated as of April 1, 1985 (the "Original Lease");

WHEREAS, the Issuer is authorized pursuant to the provisions of Section 31-15-21 through 31-15-27, inclusive, Mississippi Code of 1972, as amended (the "Act") to issue refunding bonds (the "Bonds"), the proceeds of which shall be used to refund the outstanding principal amount of the Series 1985 Bonds;

WHEREAS, the Series 1985 Bonds are presently outstanding in the principal amount of \$4,875,000;

WHEREAS, the Issuer will continue to own the Project pursuant to the Original Lease as amended by this Amended Lease Agreement (the "Lease");

WHEREAS, the Issuer and the Lessee desire to amend the Original Lease by deleting it in its entirety and place thereof substituting this Amended Lease Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1. Definitions. All words and phrases defined in the Indenture shall have the same meaning in this Lease unless the context or use indicates another or different meaning or interest. In addition to words and terms elsewhere defined in this Lease or in the Indenture, the following words and terms shall have the following meanings:

"Acquisition", when used in connection with the Project, shall mean, without limitation, the acquisition, construction, installation and equipping of the Project.

"Act" shall mean Section 31-15-21 through Section 31-15-27, inclusive, Mississippi Code of 1972, as amended.

"Administrative Expenses" shall mean the amounts payable pursuant to Section 7.5 hereof by the Lessee to or for the account of the Issuer to provide for payment of the costs and expenses incurred by the Issuer.

"Affiliate" shall mean, with respect to any Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person. For the purposes of this definition, "control" when used with respect to a Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Alternate Credit Facility" shall mean an irrevocable direct pay letter of credit, insurance policy or similar credit enhancement or support facility for the benefit of the Trustee, the terms of which Alternate Credit Facility shall in all respects material to the Bondholder be the same (except for the term set forth in such Alternate Credit Facility) as the Letter of Credit and shall otherwise meet the requirements set forth in the Indenture.

"Bank" shall mean Sovran Bank/Central South, Nashville, Tennessee.

"Basic Rent" means the amounts payable by the Lessee pursuant to Section 5.6(a) for the account of the Issuer to provide for the payment of the principal of, premium, if any, and interest on the Bonds.

"Board" means the Mississippi Department of Economic Development, as successor to the Mississippi Board of Economic Development or any successor having jurisdiction over the issuance of the Bonds in the State.

"Bonds" shall mean the DeSoto County, Mississippi Variable Rate Industrial Development Revenue Refunding Bonds (American Soap Company, Inc. Project), Series 1988 in the aggregate principal amount of \$4,875,000 including such Bonds issued in replacement for mutilated, destroyed, lost or stolen Bonds pursuant to the Indenture, and any amendments and supplements thereto.

"Bond Documents" shall mean collectively the Indenture, the Bonds, this Lease, the Guaranty, the Letter of Credit Documents and the Remarketing Agreement.

"Bondholder" or "Bondholders" shall mean the initial registered holders and any future holders of the Bond or Bonds as registered on the books and records of the Bond Registrar pursuant to Section 204 of the Indenture.

"Bond Fund" shall mean the fund created under Section 502 of the Indenture.

"Building" shall mean those certain buildings or portions thereof, improvements and all other facilities described in the Plans and Specifications and forming a part of the Project and not constituting part of the Leased Equipment which were constructed on the Project Site, as they may at any time exist and which were financed with the proceeds of the Series 1985 Bonds.

"Business Day" shall mean any day (a) other than a day on which banks located in Jackson, Mississippi or in Nashville, Tennessee are authorized or required by law to close or to remain closed and (b) on which the New York Stock Exchange is open.

"Clerk" shall mean the Clerk of the Board of Supervisors of the Issuer.

"Code" shall mean the Internal Revenue Code of 1986 and any regulations promulgated thereunder, each as amended from time to time.

"Completion Date" shall mean that date certified as provided in Section 4.3 hereof.

"Consistent Basis" shall mean, in reference to the application of Generally Accepted Accounting Principles, that the accounting principles observed in the period referred to are

comparable in all material respects to those applied in the preceding period, except as to any changes approved by the independent public accountants regularly employed by the Lessee.

"Cost of Acquisition of the Project" shall mean all costs and allowances for the Acquisition of the Project which are permitted within the definition of "cost" in the IDB Act and which include, but are not limited to, all capital costs of the Project, including the following:

1. The acquisition, construction and installation of the Project at the Project Site;

2. Preparation of the plans and specifications for the Project (including any preliminary study or plan of the Project or any aspect thereof), any labor, services, materials and supplies used or furnished in the Acquisition of the Project, the acquisition and installation necessary to provide utility services or other services and all real and tangible personal property deemed necessary by the Lessee in connection with the Project;

3. The fees for architectural, engineering, supervisory and consulting services in connection with Acquisition of the Project;

4. To the extent they shall not be paid by a contractor, the premiums of all insurance and surety and performance bonds required to be maintained in connection with the Acquisition of the Project;

5. Any fees and expenses incurred in connection with acquisition, perfection and protection of title to the Project Site and any fees and expenses incurred in connection with the preparation, recording or filing of such documents, instruments or financing statements as either the Lessee or the Issuer or the Trustee may deem desirable to perfect or protect the rights of the Issuer or the Trustee under this Lease, the Indenture, the Bonds, the Credit Facility and the Reimbursement Agreement;

6. The legal, accounting and financial advisory fees and expenses, including legal fees to be paid to the State's Bond Attorney, to legal counsel for the Issuer and the Lessee, to bond counsel, filing fees, and printing and engraving costs incurred in connection with the authorization, issuance, sale and purchase of the bonds, and the preparation of the Bond Documents and all other documents prepared in connection with the authorization, issuance and sale of the Bonds;

7. Interest prior to, during and for a period not exceeding six months after completion of construction of the Project; and

8. Any administrative or other fees charged by the Issuer, the State, or reimbursement thereto of expenses, any Trustee's fees and expenses and title insurance fees and expenses, in connection with the Project to the Completion Date.

"Counsel" shall mean an attorney or a firm of attorneys acceptable to the Trustee, and may, but need not, be counsel to the Issuer or the Lessee.

A "Determination of Taxability" shall be defined as and shall be deemed to have occurred on the first to occur of the following:

(1) On that date when the Lessee files any statement, supplemental statement or other tax schedule, return or document (whether pursuant to Treasury Regulations Section 1.103-10(b)(2)(vi), as the same may be amended or supplemented, or otherwise) which discloses that an Event of Taxability, as hereinafter defined, shall have in fact occurred.

(2) On that date when any Bondholder or former Bondholder notifies the Lessee or the Trustee that it has received a written opinion by an attorney or firm of attorneys of recognized standing on the subject of municipal bonds to the effect that an Event of Taxability shall have occurred unless, within 180 days after receipt by the Lessee of such notification from the Trustee, any Bondholder or any former Bondholder, the Lessee shall obtain and deliver to the Trustee and each Bondholder and former Bondholder a favorable ruling or determination letter issued to or on behalf of the Lessee by the Commissioner or any District Director of Internal Revenue (or any other government official exercising the same or a substantially similar function from time to time) to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred.

(3) On that date when the Lessee shall be advised in writing by the Commissioner or any District Director of Internal Revenue (or any other government official or agent exercising the same or a substantially similar function from time to time) that, based upon filings of the Lessee, or upon any review or audit of the Lessee, or upon any other

ground whatsoever, an Event of Taxability shall have occurred.

(4) On that date when the Lessee shall receive notice in writing from any Bondholder or former Bondholder, or from the trustee, that the Internal Revenue Service (or any other government agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of any Bondholder or former Bondholder the interest on such Bondholder's or former Bondholder's Bond due to the occurrence of an Event of Taxability.

Provided, however, no Determination of Taxability shall occur under subparagraph (3) or (4) hereof unless the Lessee has been afforded the opportunity, at its expense, to contest any such assessment or unfavorable ruling and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined.

"Eminent Domain" shall mean the taking of title to, or the temporary use of, the Project or any part thereof pursuant to eminent domain or condemnation proceedings, or any voluntary conveyance of any part of the Project during the pendency of, or as a result of a threat of, such proceedings.

"Event of Defaults" or "Default" shall have the meaning set forth in Section 9.1 hereof.

"Event of Taxability" shall mean a change in law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the issuance of obligations or the incurring of capital expenditures in excess of those permitted by Sections 144(a)(4)(A) of the Code, or the taking of any action by the Lessee, or the failure to take any action by the Lessee, or the making by the Lessee of any misrepresentation herein or in any certificate required to be given in connection with the issuance, sale or delivery of the Bonds) which has the effect of causing the interest paid or payable on any Bond to become includable in the gross income of any Bondholder or former Bondholder of any Bond other than a Bondholder or former Bondholder who is or was a "substantial user" or "related person" as such terms are used in Section 147(a) of the Code.

"Extraordinary Funds" shall have the meaning ascribed in Section 6.13.

"Generally Accepted Accounting Principles" shall mean those principles of accounting set forth in pronouncements of the Financial Accounting Standards Board and its predecessors or

pronouncements of the American Institute of Certified Public Accountants or those principles of accounting which have other substantial authoritative support and are applicable in the circumstances as of the date of application, as such principles are from time to time supplemented and amended.

"Governing Body" shall mean the Board of Supervisors of the Issuer.

"Guaranty" shall mean the Guaranty Agreement from the Lessee to the Trustee dated as of November 1, 1988.

"IDB Act" shall mean Title 57, Chapter 3, of the Mississippi Code of 1972, as amended.

"Indenture" shall mean the Trust Indenture dated as of the date hereof by and between the Issuer and the Trustee, together with any amendments or supplements thereto permitted thereby.

"Independent Engineer" means a professional engineer or engineering firm or professional architect or architectural firm qualified to practice the profession of engineering or architecture under the laws of the State and who or which is not a full time employee of the Lessee, chosen by the Lessee and acceptable to the Trustee.

"Issuer" shall mean DeSoto County, Mississippi, a political subdivision of the State, and its successors and assigns and any body resulting from or surviving any consolidation or merger to which it or its successors may be a party.

"Issuer Representative" shall mean any one of the persons at the time designated to act on behalf of the Issuer by written certificate furnished to the Lessee and the Trustee containing the specimen signatures of such persons and signed on behalf of the Issuer by the President or Clerk.

"Lease" shall mean this Lease and any amendments and supplements hereto permitted by the Indenture.

"Lease Mortgage" shall mean and include a mortgage, a deed of trust, a deed to secure debt, or other security instrument by which Lessee's leasehold estate hereunder is mortgaged, conveyed, assigned, or otherwise transferred, to secure a debt or other obligation.

"Lease Mortgagee" shall mean any holder of a Leasehold Mortgage in respect to which the notice provided for by subsection 8.7(a)(i) has been given.

"Lease Term" shall mean the duration of the leasehold estate created in this Lease as specified in Section 5.4.

"Leased Equipment" shall mean those items of machinery, equipment and other property which were acquired and installed in the Building or elsewhere on the Project Site with proceeds from the sale of the Series 1985 Bonds or the proceeds of any payment by the Lessee pursuant to Section 4.5 (which property is generally described in Exhibit B attached hereto) and any item of machinery, equipment and other property acquired and installed in the Building or elsewhere on the Project Site in substitution therefor pursuant to Sections 6.11 and 6.9. Leased Equipment shall not include any machinery and equipment removed from the Project pursuant to Sections 6.11 and 6.9, or the Lessee's own machinery and equipment installed under Section 6.12.

"Lessee" shall mean American Soap Company, Inc., a Mississippi corporation, and its successors and assigns and any surviving, resulting or transferee corporation or other entity.

"Lessee Representative" shall mean any one of the persons at the time designated to act on behalf of the Lessee by written certificate furnished to the Issuer and the Trustee containing the specimen signatures of such persons and signed on behalf of the Lessee by an officer thereof.

"Letter of Credit" shall mean the irrevocable direct pay letter of credit in the amount of \$5,125,428.08, issued by the Bank, including any extensions thereto.

"Letter of Credit Documents" shall mean the Letter of Credit, the Reimbursement Agreement and the Pledge Agreement.

"Net Proceeds" when used with respect to any insurance proceeds or award resulting from, or other amount received in connection with, Eminent Domain, shall mean the gross proceeds from such proceeds, award or other amount, less all expenses (including attorneys' fees) incurred in the realization thereof.

"Original Lease" shall mean the Lease Agreement between the Issuer and the Lessee dated as of April 1, 1985, which is amended pursuant to this agreement, which is recorded in the Office of the Chancery Clerk of DeSoto County, Mississippi in Book 53 at Page 177.

"Payment of the Bonds" shall mean payment of (i) the principal of and interest on the Bonds in accordance with their terms whether through payment at maturity, upon acceleration or prepayment, (ii) all amounts due as Administrative Expenses or otherwise, and (iii) any and all other liabilities and obligations arising under the Indenture and this Lease; in any

case, in such a manner that all such amounts due and owing with respect to the Bonds shall have been paid.

"Permitted Encumbrances" shall mean, as of any particular time,

(a) Any liens, charges, encumbrances and restrictions which may be created or exist by reason of this Lease, the Indenture and any security interest provided for therein.

(b) Liens, charges and encumbrances for taxes or assessments or other governmental charges or levies not then delinquent.

(c) Utility, access, and other easements and rights-of-way, mineral rights, restrictions, reservations and exceptions, as will not, in the opinion of counsel acceptable to the Issuer, the Lessee and the Trustee materially interfere with or impair the operation of the Project for the purpose for which it was acquired or is held by the Issuer and leased to the Lessee.

(d) Any mechanic's, laborer's, materialmen's, supplier's or vendor's liens for work or services performed or materials furnished in connection with the Project which are not yet due and payable.

(e) Judgment liens which remain undischarged and unstayed for not more than sixty (60) days.

(f) Such minor defects, irregularities, and encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to property similar in character to the Project and as do not, in the opinion of counsel acceptable to the Issuer, the Lessee and the Trustee, materially impair the property affected thereby for the purpose for which it was acquired or is held by the Issuer or materially reduce its value.

(g) Any taxes, liens and encumbrances being contested as provided in Section 8.6.

(h) Building and use restrictions of record which, as stated in the opinion of counsel acceptable to the Issuer, the Lessee and the Trustee, do not in the aggregate materially detract from the value of the Project and will not materially interfere with or impair the operation of the Project for the purpose for which it was acquired or is held by the Issuer and leased to the Lessee.

(i) Any liens, charges, encumbrances or restrictions approved in writing by the (1) Credit Facility Issuer during any period the Credit Facility is in effect, and (2) the Registered Owners of 51% of the Outstanding Bonds during any period the Credit Facility is not in effect.

(j) All liens, charges, encumbrances or restriction listed as exceptions to the title insurance policy required by Section 6.3 hereof and which are not objected to by the Trustee or the Credit Facility Issuer prior to the date of issuance of the Bonds.

(k) Any other liens, charges or encumbrances securing amounts payable by the Lessee pursuant to the Reimbursement Agreement, including, but not limited to any leasehold deed of trust granted by the Lessee to the Bank.

"Person" shall mean an individual, partnership, corporation, trust, unincorporated organization, association, joint venture, joint-stock company, or a government or agency or political subdivision thereof.

"Plans and Specifications" shall mean the plans and specifications used in the Acquisition of the Project, as the same may be revised from time to time by the Lessee in accordance with Section 3.3 hereof.

"Pledge Agreement" shall mean the Pledge Agreement of even date herewith between the Lessee and the Bank, and any amendments or supplements thereto.

"Project" shall mean the Building and the Leased Equipment financed with the proceeds of the sale of the Series 1985 Bonds as they may at any time exist.

"Project Fund" shall mean the fund created pursuant to Section 401 of the Indenture.

"Project Site" shall mean the real property located in DeSoto County, Mississippi, more particularly described in Exhibit A attached hereto and by reference made a part hereof, upon which the Building and Leased Equipment is or will be located.

"Remarketing Agreement" shall mean the Remarketing Agreement of even date herewith between the Lessee and the Remarketing Agent.

"Series 1985 Bonds" shall mean the DeSoto County, Mississippi Industrial Development Revenue Bonds (American Soap

Company, Inc. Project), Series 1985 issued in the principal amount of \$6,500,000.

"State" shall mean the State of Mississippi.

"Supplemental Rent" shall mean the amounts payable by the Lessee pursuant to Section 5.6(b).

"Tax Certificate" shall mean the Lessee's Tax Certificate together with the Letter of Instructions of Bond Counsel, delivered as of the date of, and in connection with, the issuance and sale of the Bonds.

"Tax Regulations" shall mean the applicable regulations promulgated under Sections 103 and 141 through 150 of the Code whether at the time proposed, temporary, final or otherwise.

"Trustee" shall mean the banking institution at the time serving as Trustee under the Indenture.

Section 1.2. Rules of Construction.

(a) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders, and words of the neuter gender shall be deemed and construed to include correlative words of the masculine and feminine genders.

(b) The table of contents, captions and headings in this Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Lease.

(c) All references herein to particular articles or sections are references to articles or sections of this Lease unless some other references is established.

(d) All accounting terms not specifically defined herein shall be construed in accordance with Generally Accepted Accounting Principles applied on a Consistent Basis.

(e) Any terms not defined herein but defined in any of the other Bond Documents shall have the same meaning herein.

(f) All references herein to the Code or any particular provision or section thereof shall be deemed to refer to any successor, or successor provision or section, thereof, as the case may be.

ARTICLE II
REPRESENTATIONS

Section 2.1. Representations and Warranties of the Issuer.
The Issuer represents and warrants as follows:

(a) The Issuer is a "municipality" within the meaning of the IDB Act and is authorized by the Act to own and lease the Project and to enter into this Lease and the transactions contemplated herein and to carry out its obligations hereunder, has been duly authorized by the Governing Body to execute and deliver this Lease, and will do or cause to be done all things necessary to preserve and keep this Lease in full force and effect.

(b) The Issuer proposes to issue the Bonds in the aggregate principal amount of \$4,875,000 to refund the outstanding Series 1985 Bonds, the proceeds of which had been used to finance all or a portion of the Cost of Acquisition of the Project.

(c) By duly adopted resolution, the Issuer has duly authorized the execution, delivery and performance of the Bond Documents to which it is a party, including the issuance and performance of the Bonds and (as security for the Bonds) the assignment of its rights hereunder.

(d) The Bonds will be issued under and pursuant to the Indenture and will mature, bear interest, and have the other terms and provisions set forth or provided for in the Indenture.

(e) The execution and delivery of and performance under the Bond Documents to which the Issuer is a party will not conflict with, or constitute a breach of or default under, or require any consent pursuant to any law or regulation presently applicable to the Issuer (except for such consents and approvals as have heretofore been obtained), the charter of the Issuer, any order of any court, regulatory body or arbitral tribunal or any agreement or instrument to which the Issuer is a party or by which it is bound.

(f) There are no judicial, regulatory or arbitral proceedings pending or, to the knowledge of the Issuer, threatened against the Issuer which, if decided adversely to the Issuer, would have a material adverse effect on the issuance and sale of the Bonds or any of the transactions of the Issuer in connection therewith.

(h) When duly executed and delivered on behalf of the Issuer, and assuming the due authorization, execution and delivery by the Lessee of this Lease, and the due authorization, execution and delivery by the Trustee of the Indenture, each of the Bond Documents to which the Issuer is a party shall constitute a valid and binding obligation of the Issuer enforceable in accordance with its terms.

Section 2.2. Representations, Warranties and Covenants by the Lessee.

The Lessee represents, warrants and covenants as follows:

(a) The Lessee is a corporation duly organized, validly existing and in good standing under the laws of the State of Mississippi, has legal authority to enter into, and to perform the agreements and covenants on its part contained in the Bond Documents to which it is a party, and has duly authorized the execution, delivery and performance of Bond Documents to which it is a party.

(b) The execution and delivery of this Lease and the other Bond Documents to which it is a party, the consummation of the transactions contemplated hereby and thereby, and the fulfillment of or compliance with the terms and conditions hereof and thereof do not and will not violate, conflict with or constitute a breach of or default under or require any consent (except for such consents and approvals as have heretofore been obtained) pursuant to any law or regulation presently applicable to the Lessee, the articles of incorporation or bylaws of the Lessee, any order of any court, regulatory body or arbitral tribunal or any agreement or instrument to which the Lessee is a party or by which it or any of its property is bound.

(c) The Lessee will cause the proceeds of the Bonds to be applied to the refunding of the outstanding principal amount of the Series 1985 Bonds and for no other purpose.

(d) The Lessee presently intends to operate or cause the Project to be operated as an enterprise as authorized by the IDB Act for the manufacturing, processing and assembling of soap and soap products or other permissible products under the IDB Act, from the commencement of operation until the termination of this Lease as provided herein.

(e) The Lessee presently expects to operate the Project as a manufacturing facility until the Bonds are fully paid.

(f) The Project is located within DeSoto County, Mississippi in the Metro Industrial Park at 11170 Green Valley Drive.

(g) When executed and delivered, the Bond Documents to which the Lessee is a party will be the valid and binding obligations or agreements of the Lessee enforceable in accordance with their respective terms.

(h) There is no action, suit or proceeding at law or in equity or by or before any governmental instrumentality or agency or arbitral body now pending, or to the knowledge of the Lessee, threatened against or affecting the Lessee or any properties or rights of the Lessee which, if adversely determined, would impair the right of the Lessee to carry on its business substantially as now conducted or would materially adversely affect the financial condition, business or operations of the Lessee or the transactions contemplated by, or the validity of, any of the Bond Documents.

(i) The Lessee has filed all federal, state and local tax returns which are required to be filed by it and has paid or caused to be paid all taxes as shown on said returns or on any assessment received by it, to the extent that such taxes have become due, and no controversy in respect of additional income taxes, state or federal, of the Lessee is pending or, to the knowledge of the Lessee, threatened which has not heretofore been disclosed in writing to the Trustee and which, if adversely determined, would materially and adversely affect the financial condition or operations of the Lessee.

(j) Neither the Bond Documents to which the Lessee is a party nor the Federal Tax Certificate contains any misrepresentation or untrue statement of fact or omits to state a material fact necessary in order to make any such representation or statement contained therein not misleading.

(k) The Lessee possesses all necessary patents, licenses, trademarks, trademark rights, trade names, trade name rights and copyrights to conduct its business as now conducted, without known conflict with any patent, license, trademark, trade name or copyrights of any other Person.

(l) The Project Site is properly zoned, and its intended use and the operation of the Project comply with the uses permitted by applicable zoning regulations.

(m) No approval, consent or authorization of, or registration, declaration or filing with, any governmental or public body or authority is required in connection with the valid execution, delivery and performance by the Lessee of the Bond Documents to which it is a party or the Federal Tax Certificate which has not heretofore been obtained.

(n) The Lessee will not take or omit to take any action which would impair the exemption of interest on the Bonds from Federal income taxation.

(o) All of the representations, warranties and covenants of the Lessee contained in the Federal Tax Certificate are hereby reaffirmed and incorporated herein by reference.

(p) The Project constituted, presently constitutes and will constitute either land or property of a character subject to the allowance for depreciation within the meaning of Section 144(a)(1) of the Code. All amounts which were paid or incurred with respect to the Project are, for Federal income tax purposes, chargeable to the Project's capital account or would be so chargeable either with a proper election by the Lessee, or but for a proper election by the Lessee to deduct such amounts.

(q) The Lessee is not and has not been in violation of any covenant or other provision of the Original Lease. The proceeds of the Series 1985 Bonds were used for the purposes and in the manner set forth in the Original Lease.

(r) The Project was completed by April 29, 1988, and all of the proceeds of the sale of the Series 1985 Bonds have been spent for Costs of Acquisition of the Project.

(s) The average maturity (computed in accordance with Section 147(b) of the Code) of the Bonds does not exceed 120% of the average reasonably expected economic life (computed in accordance with Section 147(b) of the Code) of the facilities which were financed with the proceeds of the Series 1985 Bonds.

(t) (i) The officer of the Lessee executing this Lease is familiar with all financing transactions undertaken and now being planned for the Lessee, including tax-exempt financings by or for the Lessee or by or for any related person (within the meaning of Section 144(a)(3) of the Code).

(ii) There are no other obligations heretofore issued or to be issued by or on behalf of any state, territory or

possession of the United States, or political subdivision of any of the foregoing, or of the District of Columbia, for the benefit of the Lessee or any related person, which constitute industrial development bonds (within the meaning of Section 147(b) of the Code) and which (1) were or are to be sold at substantially the same time as the Bonds, (2) were or are to be sold at substantially the same interest rate as the interest rate of the Bonds, (3) were or are to be sold pursuant to a common plan of marketing as the marketing plan for the Bonds, and (4) are payable directly or indirectly by the Lessee or from the source from which the Bonds are payable.

(iii) There are no additional facts or circumstances which may further evidence that the Bonds are part of any other issue of obligations.

(u) The sum of the authorized face amount of the Bonds allocable to each test-period beneficiary (within the meaning of Section 144(a)(10) of the Code) plus the respective aggregate face amount of all tax-exempt industrial development bonds presently outstanding which are allocable to each such test-period beneficiary does not exceed \$40,000,000.

(v) The Bonds will not be federally guaranteed (as such term is defined in Section 149(b)(2) of the Code), except as permitted by the provisions of Section 149(b)(3) of the Code, except as set forth in clause (ee) below.

(w) There have not been issued any obligations which would be taken into account in determining the aggregate face amount of the Bonds in accordance with Section 144(a)(2) of the Code.

(x) The aggregate principal amount of the Series 1985 Bonds, added to the capital expenditures referenced in Section 144(a)(4)(A) of the Code made (other than those mentioned in Section 144(a)(4)(C) of the Code) with respect to "facilities" described in Section 144(a)(4)(B) of the Code within DeSoto County, Mississippi (outside the incorporated municipalities therein) from April 29, 1982 through April 29, 1988 did not exceed \$10,000,000.

All of the above representations, warranties and covenants shall survive the execution of this Lease and the issuance of the Bonds.

ARTICLE III

ACQUISITION OF THE PROJECT

Section 3.1. Acquisition of the Project by Lessee. The Lessee and the Issuer acknowledge that the Lessee has completed the Acquisition of the Project as of the date of this agreement.

Section 3.2. Lessee to Maintain Approvals Required for the Project. The Lessee shall obtain or cause to be obtained and retained all necessary permits and approvals for the Acquisition of the Project and the operation and maintenance of the Project and shall comply with all lawful requirements of the Project body regarding the use or condition of the Project. The Lessee may, however, contest any such requirement by an appropriate proceeding diligently prosecuted.

Section 3.3. Plans and Specifications. The Lessee shall maintain a set of Plans and Specifications at the Project Site which shall be available to the Issuer, the Trustee, the Bank and the Bondholders for inspection and examination during the Lessee's regular business hours, and the Issuer and the Lessee agree that the Lessee may supplement, amend and add to the Plans and Specifications, and that the Lessee shall be authorized to omit or make substitutions for components of the Project, without the approval of the Issuer or the Bank, provided that no such change shall be made which shall be contrary to any representation or covenant made pursuant to Section 2.2 hereof or the provisions of the Federal Tax Certificate, and provided further that if any such change would render materially incorrect or incomplete the description of the Leased Equipment or the description of the Project Site as set forth in Exhibits A or B to this Lease, the Lessee and the Issuer shall amend such Exhibits to reflect such change, upon receipt by the Issuer and the Trustee of an opinion of bond counsel that such change will not result in an Event of Taxability. No approvals of the Issuer or the Trustee shall be required for the Acquisition of the Project or for the solicitation, negotiation, award or execution of contracts relating thereto.

ARTICLE IV

ISSUANCE OF THE BONDS; REFUNDING OF SERIES 1985 BONDS

Section 4.1. Agreement to Issue the Bonds; Refunding of Series 1985 Bonds; Acquisition of Project by Issuer. To provide funds for the refunding of the principal of the outstanding Series 1985 Bonds, the Issuer agrees that it will sell, issue and deliver the Bonds in the aggregate principal amount of \$4,875,000 in the manner set forth in the Indenture and cause the proceeds of the Bonds to be applied as provided in the Indenture. All of the proceeds of the sale of the Bonds shall be deposited into the Project Fund.

Section 4.2. Disbursements from the Project Fund. The \$4,875,000 principal amount of the Bonds initially deposited into the Project Fund shall be transferred by the Trustee to the Prior Trustee in order to effect the immediate refunding of the Series 1985 Bonds in accordance with the provisions of the Refunding Agreement. If any sums other than the proceeds of the sale of the Bonds are deposited into the Project Fund pursuant to the provisions of the Indenture, such amounts may be paid by the Trustee as provided in Section 402 of the Indenture.

Section 4.3. Closeout of the Project Fund. The Project Fund shall be available throughout the term of this Lease to accept deposits of amounts from any source, including, without limiting the generality thereof, Net Proceeds and the proceeds of any Eminent Domain proceedings regarding the Project.

Section 4.4. No Third Party Beneficiary. It is specifically agreed between the parties executing this Lease that it is not intended by any of the provisions of any part of this Lease to create the public or any member thereof, other than as may be expressly provided herein or as contemplated in the Indenture, a third party beneficiary hereunder, or to authorize anyone not a party to this Lease to maintain a suit for personal injuries or property damage pursuant to the terms of provisions of this Lease. The duties, obligations, and responsibilities of the parties to this Lease with respect to third parties shall remain as imposed by law.

SECTION 4.5. Investment of Funds. Moneys held for the credit of the Project Fund or the Bond Fund or any other fund or account established pursuant to this Lease or the Indenture and not required for immediate disbursement shall, upon written direction of a Lessee Representative, be invested or reinvested in any one or more of the Investment Obligations. Such investments may be made through the investment department of the Trustee.

Such investments shall have maturity dates or be subject to redemption by the holder at the option of the holder on or prior to the date upon which such funds will be required for disbursement as reflected by a statement of the Lessee Representative, which statement shall be filed with the Trustee prior to any investment.

ARTICLE V

LEASE OF PROJECT BY THE ISSUER TO
THE LESSEE; RENTAL PROVISIONS

Section 5.1. Lease of Project; Warranty of Title. In accordance with the provisions of this Lease, the Issuer agrees to and does hereby lease to the Lessee, and the Lessee agrees to, and does hereby lease, take and hire from the Issuer, the Project, including all accretions, easements, rights-of-way and appurtenances belonging or in anywise appertaining thereto, subject to Permitted Encumbrances.

The Issuer warrants that it has acquired good and marketable title to the Project Site, free from all liens other than Permitted Encumbrances. Notwithstanding the foregoing, the warranty of the Issuer as to title to the Project Site is limited to the extent of the quality of the title which the Issuer received from the Lessee.

Section 5.2. No Set-Off. The obligation of the Lessee to make the payments required by this Lease shall be absolute and unconditional. The Lessee will pay without abatement, diminution or deduction (whether for taxes or otherwise) all such amounts regardless of any cause or circumstance whatsoever including, without limitation, any defense, set-off, recoupment or counterclaim that the Lessee may have or assert against the Issuer, the Trustee, any Bondholder or any other person.

Section 5.3. Prepayments. The Lessee may prepay all or any part of the rents or other amounts required to be paid hereunder to the same extent provided in Section 701 of the Indenture with respect to prepayment of the Bonds. The Lessee shall prepay all of the amounts it is required to prepay as provided in Sections 10.2 and 10.3 hereof.

Section 5.4. Term. The initial term of this Lease shall commence on the date of the delivery of the Bonds and shall terminate at midnight on December 1, 2008, unless terminated prior to that date pursuant to other provisions of this Lease; provided, however, that this Lease shall not terminate unless the principal of, premium, if any, and interest on the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the Indenture). The Lessee may renew this Lease pursuant to Section 10.7.

Section 5.5. Letter of Credit and Reimbursement Agreement. As a further condition to the Issuer's issuing the Bonds and leasing the Project to the Lessee, the Lessee shall:

(a) Cause the Letter of Credit to be issued and delivered to the Trustee as security for the Bonds; and

(b) Enter into the Reimbursement Agreement with the Bank in form and substance satisfactory to the Bank and execute and deliver the other Letter of Credit Documents required by the Bank.

Section 5.6. Rental. The Lessee hereby agrees to pay the following sums as rent for the Project during the Lease Term and any renewal term hereof:

(a) Basic Rent. The Lessee shall pay to the Trustee in immediately available funds for the account of the Issuer for deposit into the Bond Fund as Basic Rent for the Project a sum equal to the principal of, premium, if any, and/or interest on the Bonds in the amounts, in the manner and at the times required by the Indenture to enable the Issuer to cause timely payment to be made to the Bondholders (whether at maturity or upon redemption or acceleration, or otherwise). If at any such payment date the balance in the Bond Fund is insufficient to make the then required payment of principal, premium, if any, and/or interest, the Lessee will forthwith pay any such deficiency. The Lessee's obligation to pay Basic Rent on any such payment date shall be reduced by the amount of any draws made under any Credit Facility and any balance in the Bond Fund, to the extent such amount constitutes Available Moneys. If at any time the amount in the Bond Fund is sufficient to pay in full at the times required the principal of, premium, if any, interest on the Bonds and the Trustee's and any paying agent's or bond registrar's fees in connection with all of the Bonds then remaining unpaid, then no further Basic Rent shall be payable hereunder.

(b) Supplemental Rent. The Lessee shall pay as Supplemental Rent the Trustee's and any paying agent's or bond registrar's fees and expenses and charges (arising pursuant to the Indenture or otherwise), and all governmental impositions, expenses, liabilities, obligations and other payments of whatever nature which the Lessee has agreed to pay or assume under the provisions of this Lease. Supplemental Rent shall be payable within 20 days after receipt of a statement therefor from the Trustee or other payee and such payment shall be made directly to such payee.

SECTION 5.7. Quiet Enjoyment. The Issuer agrees that the Lessee, upon payment of the rent herein provided for and upon performing and observing the conditions hereof, shall and may peaceably hold and enjoy the Project during the Lease Term and any renewals hereof without any interruptions or disturbance, subject, however, to the terms of this Lease.

ARTICLE VI

MAINTENANCE AND MODIFICATIONS;
TAXES AND UTILITY CHARGES;
INSURANCE AND EMINENT DOMAIN

Section 6.1. Maintenance and Modification of the Project by Lessee. The Lessee agrees that, until Payment of the Bonds shall be made, it will at its own expense, (i) keep the Project or cause the Project to be kept in as reasonably safe condition as its operations shall permit, (ii) make or cause to be made from time to time all necessary repairs thereto and renewals and replacements thereof and otherwise keep the Project in good repair and in good operating condition, ordinary wear and tear excepted, and (iii) not permit or suffer others to commit a nuisance on or about the Project. The Lessee shall pay or cause to be paid all costs and expenses of operation and maintenance of the Project.

The Lessee may, at its own expense, make from time to time any additions, modifications or improvements to the Project that it may deem desirable for its business purposes and that do not materially impair the effective use, or decrease the value, of the Project.

Section 6.2. Taxes and Utility Charges.

The Lessee shall pay as Supplemental Rent pursuant to Section 5.6(b), promptly as and when the same shall become due and payable, each and every lawful cost, expense and obligation of every kind and nature, foreseen or unforeseen, for the payment of which the Issuer or the Lessee is or shall become liable by reason of its estate or interest in the Project or any portion thereof, by reason of any right or interest of the Issuer or the Lessee in or under this Lease, or by reason of or in any manner connected with or arising out of the possession, operation, maintenance, alteration, repair, rebuilding or use of the Project, or any part thereof. The Lessee shall pay and discharge as Supplemental Rent pursuant to Section 5.6(b), promptly as and when the same shall become due and payable, all lawful real estate taxes, personal property taxes, water charges, sewage charges, assessments (including, without limitation, special assessments for public improvements or benefits for which the Lessee would otherwise have been liable had it in fact been the owner of the Project) and all other lawful governmental taxes, impositions and charges of every kind and nature, ordinary or extraordinary, general or special, foreseen or unforeseen, whether similar or dissimilar to any of the foregoing, and all applicable interest and penalties thereof, if any, which at any time during the term of this Lease shall be or become due and

payable by the Issuer or the Lessee and which shall be lawfully levied, assessed or imposed;

(a) Upon or with respect to, or shall be or become liens upon, the Project or any portion thereof or any interest of the Issuer or the Lessee therein or under this Lease;

(b) Upon or with respect to the income or profits of the Issuer from the Project or under this Lease;

(c) Upon or with respect to the possession, operation, management, maintenance, alteration, repair, rebuilding, use or occupancy of the Project or any portion thereof; or

(d) Upon this transaction or any document to which the Issuer or Lessee is a party creating or transferring an interest or an estate in the Project;

under or by virtue of any present or future law, regulation or other requirement of any governmental authority, including school districts or otherwise, provided that such taxes, impositions, charges and assessments made by the Issuer shall not discriminate against the Lessee. The Lessee shall furnish to the Issuer promptly upon reasonable request proof of the payment of any such tax, assessment or other governmental or similar charge or any utility charge which is payable by the Lessee as set forth above.

It is the intention of the parties hereto that, in so far as the same may be lawfully done, the Issuer shall be free from all costs, expenses and obligations and all such taxes, water charges, sewer charges, assessments and all such other governmental impositions and charges, and this Lease shall be deemed to be a "net lease" and the Lessee shall pay net the rents and other payments required hereunder.

The Lessee shall, at its expense, procure any necessary permits, licenses and other authorizations required for the lawful and proper construction, use, occupation, operation and management of the Project and the Issuer will cooperate with the Lessee in securing such permits, licenses and authorizations. The Lessee shall pay or cause to be paid all lawful charges for utilities and other services used in connection with the Project. The Lessee agrees that the Issuer is not required to furnish free of charge to the Lessee, pursuant to the terms of this Lease, any utilities, facilities, equipment, labor, materials or services of any kind, except as otherwise may be required by law.

Whenever the imposition of a tax, assessment (regular or special) or governmental charge of any nature requires the approval, consent, petition or waiver of the property owner, the

Issuer will not approve, consent, petition or waive in connection therewith without the written approval of the Lessee.

It is the intention of the parties hereto that the portion of the Project financed with the proceeds of the Series 1985 Bonds and any additions and expansions thereto which, pursuant to the terms hereof, are to become a part of the Project, shall remain exempt from ad valorem taxation for a 10-year period commencing with the date of completion of the Project or until the termination of this Lease, whichever is shorter, in accordance with applicable law.

Section 6.3. Title Insurance. The Lessee shall deliver to the Bank and the Trustee as named insureds at or prior to closing a title insurance policy issued by a financially responsible title insurance company qualified to do business in the State and acceptable to the Bank in the amount of \$2,500,000 (i) insuring that the Lessee has a valid leasehold interest in the Project Site, subject only to Permitted Encumbrances and (ii) insuring the Trustee's interest in the Project Site.

Section 6.4. Casualty and Liability Insurance Required. Until Payment of the Bonds shall be made, the Lessee will keep the Project continuously insured against such risks as are customarily insured against by businesses of like size and type engaged in the same or similar manufacturing operations in the same area (other than business interruption insurance) including, without limiting the generality of the foregoing:

(a) Fire and Extended Coverage Insurance. Insurance against loss or damage by fire, with standard extended coverage, vandalism, and malicious mischief endorsement. Such insurance shall be in an amount equal to or exceeding the lesser of (i) the full replacement value of the Project, less the amount of the coinsurance feature authorized by this Section, or (ii) the amount required for the full redemption or retirement of all Bonds then Outstanding. The proceeds of all such policies shall be payable to the Issuer, the Lessee, the Bank and the Trustee as their interests may appear, provided that any such policies may be so written or endorsed as to make payments on claims for losses not in excess of \$100,000 payable directly to the Lessee. All claims on such insurance regardless of amount may be adjusted by the Lessee with the insurers, subject to approval of the Trustee as to settlement of any claim in excess of \$100,000. The Issuer shall cooperate with the Lessee in adjusting any such loss.

(b) Public Liability Insurance. General public liability insurance against claims for bodily injury, death or property damage occurring in connection with the Project,

such insurance to afford protection to the Issuer and the Trustee as additional insureds of not less than \$1,000,000 combined single limit with respect to any one accident and \$1,000,000 in the aggregate. The Net Proceeds of such insurance shall be applied toward the extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid.

(c) Workers Compensation Insurance. Workers Compensation Insurance, including qualified self-insurance pursuant to the Mississippi Workmans Compensation Act, covering all persons employed by the Lessee. The Lessee will cause such insurance to be maintained by any independent contractors engaged by the Lessee in connection with any work done on or about the Project with respect to which claims for death or bodily injury could be asserted against the Lessee, the Issuer, the Bank or the Trustee, complying with the rules, regulations and requirements of the State from time to time in force.

(d) Flood Insurance. If all or part of the Project is located in an area now or hereafter identified by the Secretary of Housing and Urban Development as an area having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968, as amended, policies of flood insurance in an amount at least equal to the lesser of (1) the amount of the Bonds, (2) the insurable value of the improvements, or (3) the maximum limit of coverage available under the National Flood Insurance Act of 1968, as amended, with loss payable to the Issuer, the Lessee, the Bank and the Trustee, as their interests may appear.

Section 6.5. General Requirements Applicable to Insurance.
Each insurance policy obtained in satisfaction of the requirements of Section 6.4 hereof:

(a) shall be by such insurer (or insurers) as shall be financially responsible, qualified to do business in the State and of recognized standing;

(b) shall be in such form and have such provisions (including, without limitation, the lenders long-form loss payable clause, the waiver of subrogation clause, the deductible amount, if any, and the standard mortgagee endorsement clause), as are generally considered standard provisions for the type of insurance involved and are acceptable in all respects to the Trustee and the Bank;

(c) shall prohibit cancellation or substantial modification, termination or lapse in coverage by the

insurer without at least 30 days' prior written notice to the Issuer, the Trustee and the Bank;

(d) shall provide that losses thereunder shall be adjusted with the insurer by the Lessee at its expense on behalf of the insured parties and the decision of the Lessee as to any adjustment shall be final and conclusive; and

(e) without limiting the generality of the foregoing, all insurance policies carried with respect to the Building and the Leased Equipment shall name the Lessee, the Issuer, the Trustee and the Bank as parties insured thereunder as the respective interests of each of such parties may appear, and any loss thereunder shall be made payable and shall be applied as provided in Section 6.9 hereof.

Section 6.6. Advances by the Issuer or the Trustee. In the event the Lessee shall fail to maintain, or cause to be maintained, the full insurance coverage required by this Lease or shall fail to keep or cause to be kept the Project in good repair and good operating condition, the Issuer or the Trustee may (but shall be under no obligation to), after 10 days written notice to the Lessee, contract for the required policies of insurance and pay the premiums on the same or make any required repairs, renewals and replacements; and the Lessee agrees to immediately reimburse the Issuer and the Trustee to the extent of the amounts so advanced by them or any of them. Any amounts so advanced by the Issuer or the Trustee shall become an additional obligation of the Lessee, shall be payable on demand.

Section 6.7. Lessee to Make up Deficiency in Insurance Coverage. The Lessee agrees that to the extent that it shall not carry insurance required by Sections 6.3 and 6.4 hereof, it shall pay promptly to the Trustee for application in accordance with the provisions of Section 6.9 hereof, such amount as would have been received as Net Proceeds by the Trustee under the provisions of Section 6.9 hereof had such insurance been carried to the extent required.

Section 6.8. Eminent Domain. In the event that title to, or the temporary use of, the Project or any part thereof shall be taken by Eminent Domain, the Lessee shall be obligated to continue to make the payments required to be made pursuant to Section 5.6 hereof and the Net Proceeds received as a result of such Eminent Domain shall be applied as provided in Section 6.9(b) hereof.

Section 6.9. Application of Net Proceeds of Insurance and Eminent Domain.

(a) **Damage and Destruction.** If prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the Indenture) the Project is destroyed or damaged (in whole or in part) by fire or other casualty, the Lessee shall promptly give written notice to the Trustee and shall apply the Net Proceeds of any insurance resulting from claims for such losses for either of the following purposes:

(1) The prompt repair, rebuilding or restoration of the property damaged or destroyed to substantially the same condition as existed prior to the event causing such damage or destruction, with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Lessee and as will not:

(i) materially alter the character of the Project as an enterprise permitted by the IDB Act; or

(ii) in the aggregate materially impair the lien and security interest of the Trustee under the Indenture; or

(iii) materially impair the operating unity or productive capacity of the Project or materially reduce the value or utility of the Project.

If the Lessee elects to so repair, rebuild or restore the Project, such Net Proceeds shall be paid to and held by the Trustee in an insurance loss trust account in the Project Fund. The Trustee, upon receipt of a certificate of the Lessee Representative that such payment is required for such purpose, will apply so much as may be necessary of the Net Proceeds of such insurance to payment of the costs of such repair, rebuilding or restoration, either on completion thereof or as the work progresses. If the Net Proceeds are not sufficient to pay in full the costs of such repair, rebuilding or restoration, the Lessee will nonetheless complete the work thereof and will pay that portion of the costs thereof in excess of the amount of said Net Proceeds. Any balance of such Net Proceeds remaining after payment of all the costs of such repair, rebuilding or restoration shall be applied as set forth in Section 10.3. If the Bonds have been fully paid (or provision for the payment thereof has been made in accordance with the Indenture), all such Net Proceeds shall be paid to the Lessee.

(2) The redemption of all of the Bonds in accordance with Article X. If the Lessee exercises said option to redeem the Bonds, such Net Proceeds shall be deposited in the Bond Fund.

If the Lessee fails to notify the Trustee as to the manner with which the Lessee elects to apply such net proceeds by the 90th day following receipt by the Lessee or Trustee of such Net Proceeds, the Lessee shall be deemed to have elected to redeem the Bond pursuant to (2) above.

(b) Condemnation. Unless the Lessee shall exercise its option to redeem the Bonds pursuant to Article X, in the event that title to, or the temporary use of, the Project or any substantial portion thereof, shall be taken under the exercise of eminent domain by a governmental body or by any person, firm or corporation acting under governmental authority, the Lessee shall be obligated to continue to make the rental payment specified in Section 5.6. The Issuer will cause the Net Proceeds received by it from any awards made in such eminent domain proceedings to be paid to and held by the Trustee in a condemnation trust account and applied in one or more of the following ways as shall be directed in writing by the Lessee:

(1) The restoration of the improvements located on the Project Site to substantially the same condition as they existed prior to the exercise of the said power of eminent domain.

(2) The acquisition, by construction or otherwise, by the Issuer of other improvements of at least equal value and utility suitable for the Lessee's operations on or adjacent to the Project Site (which improvements shall be deemed a part of the Project and subject to the lien and security interest of the Trustee under the Indenture and available for use and occupancy by the Lessee without the payment of any rent other than herein provided to the same extent as if such other improvements were specifically described herein and demised hereby); provided, that such improvements acquired by the Issuer shall not be subject to any liens or encumbrances prior to the Indenture, other than Permitted Encumbrances.

(3) The redemption of all of the Bonds in accordance with Article X or part of the Bonds in accordance with this Section. If less than all of the Bonds are to be redeemed, no part of any such condemnation award may be applied for such redemption unless the Lessee shall furnish to the Trustee a certificate of an Independent Engineer stating:

(i) that the property forming a part of the Project that was taken by such condemnation proceedings is not essential to the Lessee's use or occupancy of the Project;

(ii) that the Project has been restored to a condition substantially equivalent as to both value and utility to its condition prior to the taking by such condemnation proceedings; or

(iii) that improvements have been acquired which are suitable for the Lessee's operation at the Project as contemplated by the foregoing subsection (b)(2) of this Section.

Within 90 days from the date of entry of a final order in any eminent domain proceedings granting condemnation the Lessee shall direct the Issuer and the Trustee in writing as to which of the ways specified in this Section the Lessee elects to have the condemnation award applied.

Any balance of the Net Proceeds of the award in such eminent domain proceedings shall be applied as set forth in Section 6.13. If the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the Indenture) all such Net Proceeds shall be paid to the Lessee.

The Issuer shall cooperate fully with the Lessee in the handling and conduct of any prospective or pending condemnation proceeding with respect to the Project or any part thereof and will, to the extent it may lawfully do so, permit the Lessee to litigate in any such proceeding in the name and behalf of the Issuer. In no event will the Issuer voluntarily settle, or consent to the settlement of, any prospective or pending condemnation proceeding with respect to the Project or any part thereof without the written consent of the Lessee.

If the Lessee fails to notify the Trustee as to the manner with which the Lessee elects to apply such Net Proceeds by the 90th day following receipt by the Lessee or the Trustee of such Net Proceeds, the Lessee shall be deemed to have elected to redeem the Bonds pursuant to (3) above.

The Lessee agrees that if it shall elect to use the moneys paid to the Trustee pursuant to subsection (b)(1) or (2) of this Section 6.9 for the repair, replacement, renewal or improvement of the Project, it will restore the Project, or cause the same to be done, to a condition substantially equivalent to its condition prior to the occurrence of the event to which the Net Proceeds

were attributable. To the extent that the Net Proceeds are not sufficient to restore or replace the Project, the Lessee shall use its own funds to restore or replace the Project. Prior to the commencement of such work, the Trustee may require the Lessee to furnish a completion bond, escrow deposit or other satisfactory evidence of the Lessee's ability to pay or provide the Net Proceeds. Any balance remaining after such application of such Net Proceeds shall be paid to the Lessee. The Lessee shall be entitled to the Net Proceeds of any insurance or resulting from Eminent Domain relating to property of the Lessee not included in the Project.

Section 6.10. Parties to Give Notice. In case of any material damage to or destruction of all or any part of the Project, the Lessee shall give prompt notice thereof to the Issuer, the Credit Facility Issuer and the Trustee. In case of a taking or proposed taking of all or any part of the Project, or any right therein by Eminent Domain, the Lessee shall give prompt notice thereof to the Issuer, the Credit Facility Issuer and the Trustee. Each such notice shall describe generally the nature and extent of such damage, destruction, taking, loss, proceeding or negotiations.

SECTION 6.11. Leased Equipment. A. Substitution. The Lessee may from time to time (on behalf of the Issuer) substitute machinery and equipment for any Leased Equipment, provided that the machinery and equipment so substituted shall be free of Liens (other than Permitted Encumbrances), and shall be machinery and equipment of at least equivalent utility and depreciated value to that replaced (and the Lessee shall deliver to the Issuer, upon its request, and to the Trustee the certificate of a Lessee Representative to that effect). Such substituted machinery and equipment shall be promptly conveyed by the Lessee to the Issuer, shall be installed at the Project Site and shall become a part of the Project and be included under the terms of this Lease and subject to the lien and security interest of the Trustee under the Indenture. The Lessee shall deliver to the Issuer and to the Trustee an executed counterpart of one or more bills of sale conveying such machinery and equipment to the Issuer. The machinery and equipment for which substitution has been made shall become the property of the Lessee free and clear of the lien and security interest of the Trustee under the Indenture and any claims of the Issuer, the Trustee or the Bondholders therein or thereto. The Lessee will pay any costs (including reasonable counsel fees) incurred in subjecting to the lien and security interest of the Trustee under the Indenture any items of machinery and equipment that under the provisions of this Section are to become a part of the Leased Equipment.

B. Removal. The Lessee may purchase from the Issuer, or on behalf of the Issuer, sell, scrap, trade-in or otherwise dispose

of, any Leased Equipment included under the terms of this Lease, without substitution therefor so long as the removal of the Leased Equipment to be purchased or otherwise disposed of will not

(a) materially alter the character of the Project as an enterprise permitted by the IDB Act,

(b) in the aggregate materially impair the lien and security interest of the Trustee under the Indenture, or

(c) materially impair the operating unity or productive capacity of the Project or materially reduce the value or utility of the Project,

provided that

(x) in the case of the sale of any such Leased Equipment to anyone other than the Lessee, or in the case of the scrapping thereof, the Lessee shall determine an amount equal to the greater of

(i) the proceeds from such sale or scrapping, or

(ii) an amount equal to the original cost thereof to the Issuer, less depreciation at rates calculated in accordance with generally accepted accounting principles (hereinafter referred to as the "Depreciated Cost"),

(y) in the case of the trade-in of such Leased Equipment for other machinery or equipment not to be installed in the Project, the Lessee shall determine an amount equal to the greater of

(i) the amount of credit received by it in such trade-in, or

(ii) an amount equal to the Depreciated Cost thereof, and

(z) in the case of the sale of any such Leased Equipment to the Lessee, or in the case of any other disposition thereof, the Lessee shall determine an amount equal to the greater of

(i) the fair market value thereof, or

(ii) an amount equal to the Depreciated Cost thereof.

(The amounts determined pursuant to subsections (x), (y) and (z) above are hereinafter referred to as the "Disposition Proceeds"). If the Lessee prior to the removal of any such Leased Equipment

has acquired and installed machinery or equipment with its own funds which has become part of the Leased Equipment the Lessee may take credit to the extent of the amount so spent by it against the requirement that it either substitute or install other machinery and equipment or that it apply said amount under Section 6.13, provided that this provision shall not relieve the Lessee of its obligations under Section 6.1. Upon such purchase, the purchased machinery and equipment shall be free and clear of the lien and security interest of the Trustee or the Bondholders therein or thereto. The Lessee will promptly report to the Trustee any such disposition and otherwise comply with Section 6.13.

The Issuer and Lessee agree to execute and deliver such documents as the Issuer, Lessee or Trustee may reasonably request in connection with any action taken by the Issuer or Lessee under this Section. The Lessee will not remove or permit the removal of any of the Leased Equipment from the Project Site except in accordance with this Section.

After full payment of the principal of, premium, if any, and interest on the Bonds, the Lessee shall not be required to substitute any machinery and equipment or deposit the proceeds from any disposal thereof in the Bond Fund.

The removal from the Project of any portion of the Leased Equipment pursuant to the provisions of this Section shall not entitle the Lessee to any abatement or diminution of the rents payable under Section 5.6.

SECTION 6.12. Installation of Lessee's Own Machinery and Equipment. The Lessee may, from time to time in its sole discretion and at its own expense, install additional machinery, equipment and other tangible personal property in the Building or elsewhere on the Project Site. All such machinery, equipment and other tangible personal property so installed by the Lessee shall, if tagged or otherwise suitably identified by symbols affixed thereto as the Lessee's own property, remain the sole property of the Lessee in which neither the Issuer nor the Trustee shall have any interest.

SECTION 6.13. Application of Funds Received Under Lease. An amount equal to the Disposition Proceeds (as defined in Section 6.11), any amounts received by the Lessee pursuant to Section 8.4, (all of such amounts are referred to herein as the 'Extraordinary Funds') may be retained by the Lessee; provided, however, that the Lessee shall promptly report to the Trustee the amount of such Extraordinary Funds when the same are received, paid or determined by or to the Lessee and, when such amounts aggregate at least \$100,000 the Lessee shall make a prepayment of rent pursuant to the provisions of this Section which shall be

applied to the redemption of the Bonds pursuant to Section 701(b)(iii) of the Indenture, and the Lessee shall make additional prepayments of rent in increments of \$100,000 at any time the amount of Extraordinary Funds not previously used for such prepayments aggregates at least \$100,000.

SECTION 6.14. Liens. The Lessee will not create or permit the creation of, or suffer to exist, any lien, encumbrance or charge upon the Project or any part thereof, except Permitted Encumbrances. The Lessee will take all steps necessary to discharge and remove any lien, encumbrance or charge, except Permitted Encumbrances, upon the Project created by any one other than the Issuer. Notwithstanding the foregoing, nothing contained herein shall preclude the Lessee from creating or permitting to remain any lien, encumbrance or charge against its interest in the Project which is subordinate in right in all respects to the interest of the Issuer, the Trustee and the Bondholders.

ARTICLE VII
SPECIAL COVENANTS

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Section 7.1. Access to the Project and Inspection. The Credit Facility Issuer and the Trustee shall have the right, at all reasonable times upon the furnishing of reasonable notice to the Lessee under the circumstances, to enter upon the Project Site and to examine and inspect the Building and the Leased Equipment. The Trustee, the Credit Facility Issuer and their duly authorized agents shall also have such right of access to the Project as may be reasonably necessary to cause to be completed the construction, acquisition and installation of the Project, and thereafter for its property maintenance, in the event of failure by the Lessee to perform its obligations relating to maintenance under this Lease. The Lessee hereby covenants to execute, acknowledge and deliver all such further documents, and do all such other acts and things as may be necessary to grant to the Credit Facility Issuer and the Trustee such right of entry. The Credit Facility Issuer and the Trustee shall also be permitted, at all reasonable times, to examine the books and records of the Lessee with respect to the Acquisition of the Project and the obligations of the Lessee hereunder, but neither shall be entitled to access to trade secrets or other proprietary information (other than financial information) of the Lessee.

Section 7.2. Further Assurances and Corrective Instruments. Subject to the provisions of the Indenture, the Issuer and the Lessee agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements and amendments hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Project, or any part thereof, and for carrying out the intention or facilitating the performance of this Lease.

Section 7.3. Recording and Filing; Other Instruments.

(a) The Lessee covenants that it will, at its expense, cause Counsel in the State to take all steps as are reasonably necessary to render an opinion, and to render an opinion to the Issuer and the Trustee not earlier than 60 nor later than 30 days prior to each anniversary date occurring at five-year intervals after the issuance of the Bonds, and upon completion of any application of the Net Proceeds of insurance or Eminent Domain pursuant to Section 6.9(b)(ii) hereof, to the effect that all financing statements, continuation statements, notices and other instruments required by applicable law have been recorded or filed or re-recorded or re-filed in such manner and in such

places required by law in order fully to preserve and protect the rights of the Trustee in the granting by the Issuer of certain rights of the Issuer, pursuant to the Indenture and under this Lease, as against creditors of or purchasers for value from the Issuer or the Lessee.

(b) The Lessee and the Issuer shall execute and deliver all instruments and shall furnish all information and evidence deemed necessary or advisable by such Counsel to enable him to render the opinion referred to in subsection (a) of this Section. The Lessee shall file and re-file and record and re-record or cause to be filed and re-filed and recorded and re-recorded all instruments required to be filed and re-filed and recorded or re-recorded pursuant to the opinion of such Counsel and shall continue or cause to be continued the liens of such instruments for so long as the Bond shall be outstanding, except as otherwise required by this Lease.

Section 7.4. Non-Arbitrage and Tax Certificate Covenants;
Notice of Event of Taxability.

(a) Neither the Lessee nor the Issuer shall take any action, and the Lessee covenants that it will not approve the Trustee's taking any action or making any investment or use of the proceeds of the Bonds, which would cause any of the Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Code and the Tax Regulations or any predecessor or successor provisions which may be applicable to the Bonds at the time of such action, investment or use.

(b) The Lessee acknowledges that it has examined the Tax Certificate and its term relating to compliance with Sections 103 and 141 through 150 of the Code and Tax Regulations promulgated thereunder and shall comply with the covenants, instructions and guidelines contained in the Tax Certificate. The Lessee's obligation to make any payments of rebates to the United States required by the Tax Certificate and to prepare and furnish to the Issuer and the Trustee the statements and forms described therein shall survive Payment of the Bond notwithstanding any provision of this Lease to the contrary.

(c) The Lessee shall give prompt written notice to the Issuer and the Trustee of the filing by the Lessee of any statement, tax schedule, return or document with the Internal Revenue Service which discloses that an Event of Taxability shall have occurred and its receipt of any written advice from the Internal Revenue Service that an Event of Taxability shall have occurred.

Section 7.5. Administrative Expenses. The Lessee shall pay to or for the account of the Issuer within 30 days after notice

thereof all reasonable costs and expenses incurred by the Issuer in connection with the financing and administration of the Project, including, without limitation, the costs of administering this Lease and the fees and expenses of attorneys, consultants and others.

Section 7.6. Indemnity Against Claims. The Lessee will pay and discharge and will indemnify and hold harmless the Issuer and the Trustee from (a) any lien or charge upon amounts payable hereunder by the Lessee to the Issuer (other than income taxes), and (b) any taxes, assessments, impositions and other charges in respect of the Project or any part thereof. If any claim of any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges, are sought to be imposed, the Issuer or the Trustee, as the case may be, will give prompt notice to the Lessee, and the Lessee shall have the sole right and duty to assume, and shall assume, the defense thereof, with full power to litigate, compromise or settle the same in its sole discretion.

Section 7.7. Release and Indemnification. The Lessee shall at all times protect and hold the Issuer, and the officers, employees, agents of the Issuer and the Board of Supervisors of the Issuer (collectively, the "Indemnified Parties") harmless against any claims or liability resulting from any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project or the use thereof, including without limitation any lease thereof or assignment of its interest in this Lease, such indemnification to include reasonable expenses and attorneys' fees incurred by the Indemnified Parties in connection therewith, provided that such indemnity shall be effective only to the extent of any loss that may be sustained by the Indemnified Parties in excess of the net proceeds received by it or them from any insurance carrier with respect to such loss and provided further that the benefits of this Section 7.7 shall not inure to any person other than the Issuer, its members, officers, employees and agents, and provided further, that such loss, damage, injury or death shall not have resulted from an action or a failure to take action in bad faith by the Issuer or such member, officer, employee or agent. The Lessee hereby agrees to insure against the liability herein assumed. The Lessee shall have the right to defend any such claim or liability and each Indemnified Party agrees to cooperate in such defense.

Section 7.8. Financial Statements. (a) The Lessee shall deliver to the Trustee (i) as soon as practicable and in any event within 45 days after the end of each of the first three quarterly periods of each fiscal year of the Lessee, the financial reports of the Lessee for such quarter, and (ii) as soon as practicable and in any event within 90 days after the end

of each fiscal year of the Lessee, the financial reports of the Lessee for such fiscal year audited by a firm of independent certified public accountants acceptable to the Trustee. The provisions of this Section 7.8 shall become effective only if the Bonds have been converted to a Fixed Rate and no Credit Facility is outstanding to support the payments of principal of and interest on the Bonds.

Section 7.9. Additional Information. Until Payment of the Bonds shall have occurred, the Lessee shall promptly, from time to time, deliver to the Trustee such information regarding the operations, business affairs and financial condition of the Lessee as the Trustee may reasonably request. The Trustee is hereby authorized to deliver a copy of any such financial information delivered hereunder, or otherwise obtained by the Trustee, to any Bondholder or prospective Bondholder, to any regulatory authority having jurisdiction over the Trustee and to any other Person as may be required by law. The Issuer and the Trustee are authorized to provide information concerning the outstanding principal amount and payment history of, and other information pertaining to, the Bonds to any agency or regulatory authority of the State requesting such information.

Section 7.10. Corporate Existence, Sale of Assets, Consolidation or Merger. So long as any of the Bonds remain Outstanding, the Lessee agrees that it will continue to be a corporation either organized under the laws of or duly qualified to do business as a foreign corporation in the State, will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more corporations to consolidate with or merge into it; provided, that the Lessee may, without violating the foregoing, consolidate with or merge into another corporation, or permit one or more corporations to consolidate with or merge into it, or transfer all or substantially all of its assets to another such corporation (and thereafter dissolve or not dissolve, as the Lessee may elect) if the corporation surviving such merger or resulting from such consolidation, or the corporation to which all or substantially all of the assets of the Lessee are transferred, as the case may be,

(a) is a corporation organized under the laws of the United States of America, or any state, district or territory thereof, and qualified to do business in the State,

(b) shall expressly in writing assume all of the obligations of the Lessee contained in this Lease, and

(c) has a consolidated tangible net worth (after giving effect to such consolidation, merger or transfer) of not less than the consolidated tangible net worth of the Lessee and its consolidated Subsidiaries immediately prior to such consolidation, merger or transfer.

The term "consolidated tangible net worth," as used in this Section, shall mean the difference obtained by subtracting total consolidated liabilities (not including as a liability any capital or surplus item) from total consolidated tangible assets of the Lessee and all of its Subsidiaries, computed in accordance with generally accepted accounting principles. Prior to any such consolidation, merger or transfer the Trustee shall be furnished a certificate from the chief financial officer of the Lessee or his deputy stating that in the opinion of such officer none of the covenants in this Lease contained will be violated as a result of said consolidation, merger or transfer.

Section 7.11. Default Certificates. The Lessee shall deliver to the Trustee forthwith, upon obtaining knowledge of an Event of Default hereunder or under the Indenture, or the Reimbursement Agreement, or an event which would constitute such an Event of Default but for the requirement that notice be given or time elapse or both, a certificate of the Lessee specifying the nature and period of existence thereof and what action the Lessee proposes to take with respect thereto.

Section 7.12. Notification to Trustee. The Lessee shall notify the Trustee in writing promptly, but in any event within five (5) Business Days, of the occurrence of any of the following with respect to the Lessee:

- (i) any event or condition which shall constitute an event of default under any agreement for borrowed money;
- (ii) any levy of an attachment, execution or other process against its assets, which materially and adversely affects the financial condition or operation of the Lessee;
- (iii) any change in any existing agreement or contract which materially and adversely affects its business or affairs, financial or otherwise; and
- (iv) any change in the control of the Lessee.

Section 7.13. Lessee to Observe Laws. The Lessee shall observe all laws, regulations and other valid requirements of any regulatory authority with respect to its operations at the Project Site.

Section 7.14. Tax Credits and Depreciation. The Issuer agrees that any investment tax credit and depreciation with respect to the Project shall be made available to the Lessee and the Issuer will fully cooperate with the Lessee in any effort by the Lessee to avail itself of any such investment tax credit and depreciation.

ARTICLE VIII

ASSIGNMENT OR SUBLEASE; LEASEHOLD DEEDS OF TRUST

Section 8.1. Assignment of Lease or Sublease of Project by the Lessee. Except with the prior written consent of the Issuer, the Bank and the Board, which consent shall not be unreasonably withheld, the rights of the Lessee under this Lease may not be assigned, and the Project may not be subleased as a whole or in part. Provided, however, no consent shall be required in connection with a transaction involving merge, consolidation or transfer as permitted under Section 7.10 hereof or on assignment or sublease between the lessee and a wholly owned subsidiary of the Lessee. The granting of leasehold deeds of trust pursuant to Section 8.7 shall not be deemed to constitute an assignment of this Lease.

Section 8.2. Restrictions on Transfer of Issuer's Rights. Except for the assignment made pursuant to the Indenture of certain of its rights under this Lease to the Trustee as security pursuant to the Indenture, the Issuer will not during the term of this Lease sell, assign, transfer or convey any of its interests in this Lease except as hereinafter provided in Section 8.3.

Section 8.3. Assignment by the Issuer. It is understood, agreed and acknowledged that the Issuer, as security for payment of the principal of and interest on the Bonds, will grant to the Trustee pursuant to the Indenture, inter alia, certain of its right, title and interest in and to this Lease, (reserving certain of its rights, as more particularly described in the Indenture and including the following: (a) the Issuer's right to indemnification and reimbursement for certain of its expenses and (b) the Issuer's right to any taxes or any payments in lieu of taxes).

SECTION 8.4. Grant of Easements. Notwithstanding the provisions of Section 8.1 hereof, if no event of default shall have occurred and be continuing, the Lessee may

(a) at any time or times grant easements, licenses, rights-of-way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to any part of the Project or the Project Site with or without consideration (if with consideration, the proceeds shall be disposed of as provided in Section 6.13); or

(b) secure the release of existing easements, licenses, rights-of-way and other rights and privileges;

provided that such grant or release will not:

(i) materially alter the character of the Project as an enterprise permitted by the IDB Act; or

(ii) in the aggregate materially impair the lien and security interest of the Trustee under the Indenture; or

(iii) materially impair the operating unity or productive capacity of the Project or materially reduce the value or utility of the Project.

The Issuer agrees that it shall execute and deliver and will cause and direct the Trustee to execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right-of-way or other grant or privilege upon receipt of:

(x) a copy of the instrument of grant or release,

(y) a written application signed by the Lessee Representative requesting such instrument, and

(z) if a grant with consideration, a copy of a certificate of an engineer or Counsel certifying items (i), (ii) and (iii) above.

SECTION 8.5. Promotion of Employment. The Lessee, recognizing the intent of the Act to provide employment, agrees that during the Lease Term or until all rentals required during the Lease Term have been paid to the Issuer (whichever event occurs first), to exercise good faith to maintain and operate or cause to be maintained and operated an enterprise permitted by the Act on the Project Site and thereby to provide employment in such operations not inconsistent with the best interest of the Lessee and the Issuer in achieving the purpose set forth in the Act; provided, however, that the Lessee shall not be deemed guilty or chargeable with any breach of any agreement contained in this Section unless and until the Lessee has failed for a continuous period of one year (strikes, war, acts of God, fire, acts of government and other casualties not under Lessee's control excepted) to comply with the provisions of this Section.

SECTION 8.6. Permitted Contests. The Lessee may, at its expense and in its name and behalf or in the name and behalf of the Issuer, in good faith contest (and the Lessee shall notify the Trustee of such contest) any

(a) taxes, assessments and other charges referred to in Section 6.2;

(b) lien, encumbrance or charge referred to in Section 6.14; or

(c) law, regulation or requirement referred to in Section 7.13.

In the event of such contest, the Lessee may permit said taxes, assessments or other charges so contested to remain unpaid or such lien, encumbrance or charge to remain unsatisfied and undischarged during the period of such contest and any appeal therefrom unless, in the event and so long as enforcement of any such contested item is not stayed, the Issuer or the Trustee shall notify the Lessee, that in the opinion of Counsel, by nonpayment of any such items or noncompliance with such law, regulation or requirement:

(w) the lien and security interest of the Trustee under the Indenture as to any part of the rent and other revenues to be derived from this Lease or any material part of the Project will be impaired;

(x) the Project or any material part thereof will be subject to loss or forfeiture;

(y) the rights or obligations of the Lessee under this Lease will be materially adversely affected or impaired; or

(z) the use or occupancy of the Project or any part thereof will be materially interfered with;

in which event the Lessee shall promptly pay and cause to be satisfied all such unpaid items and terminate such contest. The Issuer shall cooperate fully with the Lessee in any such contest, except where the Issuer is an adverse party to the Lessee.

Each such contest shall be promptly prosecuted to a final conclusion. No such contest shall subject the Issuer or the Trustee to the risk of any material civil liability or any criminal liability, and the Lessee shall give such reasonable security to the Issuer and the Trustee as may be demanded by the Issuer or the Trustee as may be demanded by the Issuer or the Trustee to insure compliance with the foregoing provisions of this Section. The foregoing shall not constitute a waiver by the Issuer or the Trustee of any civil or criminal remedies otherwise available to the Issuer or the Trustee against the Lessee.

SECTION 8.7. Leasehold Deeds of Trust. Notwithstanding anything herein to the contrary, the Lessee may grant one or more deeds of trust on or other security interest in its leasehold interest hereunder, including, without limitation, its option to purchase the Project pursuant to the provisions of Article x

herein to secure any indebtedness without the prior approval of the Issuer, the Trustee, the Bank or the Board. The Lessee shall cause a copy of each of such leasehold deed of trust or security agreement to be delivered to the Issuer, the Trustee and the Bank. The following terms shall apply to each such leasehold deed of trust or security agreement which terms shall be binding upon the Issuer, the Trustee and the registered holders of the Bonds:

(a) Notice of Leasehold Mortgage.

(i) (1) If Lessee shall, on one or more occasions, mortgage Lessee's leasehold estate hereunder or grant a deed of trust on or security interest in such leasehold estate and if the mortgagee or other secured party under such Leasehold Mortgage shall provide the Issuer and the Trustee with notice of such Leasehold Mortgage together with a true copy of such Leasehold Mortgage and the name and address of the Leasehold Mortgagee, the Issuer, the Trustee and Lessee agree that, following receipt of such notice by the Issuer and the Trustee, the provisions of this Section 8.7 shall apply in respect to each such Leasehold Mortgage.

(2) In the event of any assignment of a Leasehold Mortgage or in the event of a change of address of a Leasehold Mortgagee or of an assignee of such Leasehold Mortgage, notice of the new name and address shall be provided to the Issuer and the Trustee.

(ii) The Trustee shall promptly upon receipt of a communication purporting to constitute the notice provided for by subsection 8.7(a)(i) above acknowledge by an instrument in recordable form receipt of such communication as constituting the notice provided for by subsection 8.7(a)(vi) above or, in the alternative, notify the Lessee and the Leasehold Mortgagee of the rejection of such communication as not conforming with the provisions of subsection 8.7(a)(i) and specify the specific basis of such rejection.

(iii) After the Trustee has received the notice provided for by subsection 8.7(a)(i) above, the Lessee, upon being requested to do so by the Trustee, shall, with reasonable promptness provide the Issuer and the Trustee with copies of the note or other obligation secured by such Leasehold Mortgage and of any other documents pertinent to the Leasehold Mortgage as specified by the Trustee. If requested to do so by the Trustee,

the Lessee shall thereafter also provide the Trustee from time to time with a copy of each amendment or other modification or supplement to such instruments. All recorded documents shall be accompanied by the appropriate certification of the Clerk of the Chancery Court of DeSoto County, Mississippi, as to their authenticity as true and correct copies of official records, and all nonrecorded documents shall be accompanied by a certification by the Lessee that such documents are true and correct copies of the originals. From time to time upon being requested to do so by the Trustee, the Lessee shall also notify the Trustee of the date and place of recording and other pertinent recording data with respect to such instruments as have been recorded.

(b) Consent of Leasehold Mortgagee Required. No surrender or modification of this Lease, except due to default hereunder which default is not cured, shall be effective as to any Leasehold Mortgagee unless consented to in writing by such Leasehold Mortgagee, which consent shall not be unreasonably withheld.

(c) Default Notice. The Issuer, upon providing the Lessee any notice of: (i) default under this Lease, (ii) a termination of this Lease, or (iii) a matter on which the Issuer or the Trustee may predicate or claim a default, shall at the same time provide a copy of such notice to every Leasehold Mortgagee. No such notice by the Issuer or the Trustee to the Lessee shall be deemed to have been duly given unless and until a copy thereof has been so provided to every Leasehold Mortgagee. From and after the date such notice has been delivered to a Leasehold Mortgagee, such Leasehold Mortgagee shall have the same period, after the delivery of such notice upon it, for remedying any default or acts or omissions which are the subject matter of such notice or causing the same to be remedied, as is provided the Lessee hereunder after the giving of such notice to the Lessee. The Issuer and the Trustee shall accept such performance by or at the instigation of such Leasehold Mortgagee as if the same had been done by the Lessee. Lessee authorizes each Leasehold Mortgagee to take any such action at such Leasehold Mortgagee's option and does hereby authorize entry upon the Project Site by the Leasehold Mortgagee for such purpose.

(d) Notice of Leasehold Mortgagee. (i) Anything contained in this Lease to the contrary notwithstanding, if any default shall occur which entitles the Issuer or the Trustee to terminate this Lease, neither the Issuer nor the Trustee shall have any right to terminate this Lease unless notice of such termination shall have been provided to every Leasehold Mortgagee at least 10 days in advance of the proposed effective date of such termination. The provisions of subsection (e) below of this Section 8.7 shall apply if, during such 10 day period, any Leasehold Mortgagee shall:

- (1) notify the Issuer and Trustee of such Leasehold Mortgagee's desire to nullify such notice, and
- (2) pay or cause to be paid all rent, additional rent, and other payments then due and in arrears and which may become due during such 10 day period, and
- (3) comply or in good faith, with reasonable diligence and continuity, commence to comply with all nonmonetary requirements of this Lease then in default and reasonable susceptible of being complied with by such Leasehold Mortgagee.

(ii) Any notice to be given by the Issuer or the Trustee to a Leasehold Mortgagee pursuant to any provision of this Section 8.7 shall be deemed properly addressed if sent to the Leasehold Mortgagee who served the notice referred to in subsection 8.7(a)(1)(1) unless notice of a change of Leasehold Mortgage ownership has been given to Lessor pursuant to subsection 8.7(a)(1)(2).

(e) Procedure on Default. (i) If the Issuer or the Trustee shall elect to terminate this Lease by reason of any default on the part of the Lessee, and a Leasehold Mortgagee shall have proceeded in the manner provided for by subsection (d) of this Section 8.7, the specified date for the termination of this Lease as fixed by the Issuer or the Trustee in its aforementioned termination notice shall be extended for a period of three months, provided that such Leasehold Mortgagee shall, during such three month period:

- (1) Pay or cause to be paid the rent, additional rent and other monetary obligations of Lessee under this Lease as the same become due, and continue its good faith efforts to perform all of Lessee's other obligations under this Lease, excepting past nonmonetary obligations then in default and not reasonably susceptible of being cured by such Leasehold Mortgagee at such time;
- (2) if not enjoined or stayed, take steps to acquire or sell Lessee's interest in this Lease by foreclosure of the Leasehold Mortgage or other appropriate means and prosecute the same to completion with due diligence.

(ii) If at the end of such three (3) month period such Leasehold Mortgagee is complying with subsection (e)(1), this Lease shall not then terminate, and the time for completion by such Leasehold Mortgagee of its proceedings shall continue so long as such Leasehold Mortgagee is enjoined or stayed and thereafter for so long as such Leasehold Mortgagee proceeds to complete steps to acquire or sell Lessee's interest in this Lease by foreclosure of the Leasehold Mortgage or by other appropriate means with reasonable diligence and continuity. Nothing in this subsection (e), shall be construed to extend this Lease beyond the original term thereof as extended in accordance with Section 10.7 hereof, nor to require a Leasehold Mortgagee to continue such foreclosure proceedings after the default has been cured. If the default shall be cured and the Leasehold Mortgagee shall discontinue such foreclosure proceedings, the Lease shall continue in full force and effect as if Lessee had not defaulted under this Lease.

(iii) If a Leasehold Mortgagee is complying with subsection (e)(1) above, upon the acquisition of Lessee's estate herein by such Leasehold Mortgagee or its designee or any other purchaser at a foreclosure sale or otherwise this Lease shall continue in full force and effect as if Lessee had not defaulted under this Lease.

(iv) For the purpose of this Section 8.7, the making of a Leasehold Mortgage shall not be deemed to constitute an assignment or transfer of this Lease or of the leasehold estate hereby created, nor shall any Leasehold Mortgage, as such, be deemed to be an assignee or transferee of this Lease or of the leasehold estate hereby created so as to require such Leasehold Mortgagee, as such, to assume the performance of any of the terms, covenants or conditions on the part of the Lessee to be performed hereunder, but the purchaser at any sale of this Lease and of the Leasehold Mortgage, or the assignee or transferee of this Lease and of the leasehold estate hereby created in any proceedings for the Leasehold Mortgage shall be deemed to be an assignee or transferee within the meaning of Section 8.1, and shall be deemed to have agreed to perform all of the terms, covenants and conditions on the part of the Lessee to be performed hereunder from and after the date of such purchase and assignment, but only for so long as such purchaser or assignee is the owner of the leasehold estate created hereunder. If the leasehold estate created hereunder and if the buildings and improvements on the Project Site shall have been or become materially damaged on, before or after the date of such purchase and assignment, the Leasehold Mortgagee or its designee shall be obligated to repair, replace or reconstruct the building or other improvements only to the extent of the Net Proceeds received by the Leasehold Mortgagee or its designee by reason of such damage. However, should such Net Proceeds be insufficient to repair,

replace or reconstruct the building or other improvements to the extent required by Article VI hereof, and should the Leasehold Mortgagee or its designee choose not to fully reconstruct the building or other improvements to the extent required by Article VI hereof, such failure shall constitute an event of default under this Lease.

(v) Any Leasehold Mortgagee or other acquirer of the leasehold estate of the Lessee created hereunder pursuant to foreclosure, assignment in lieu of foreclosure or other proceedings may, upon acquiring Lessee's leasehold estate as created hereunder, subject to the requirements of Section 8.1, sell and assign such leasehold estate on such terms and to such persons and organizations as are so approved, and thereafter be relieved of all obligations under this Lease; provided that such assignee has delivered to the Issuer and the Trustee its written agreement to be bound by all of the provisions of this Lease.

(vi) Any sale of this Lease and of the leasehold estate hereby created in any proceedings for the foreclosure of any Leasehold Mortgage, or the assignment or transfer of this Lease and of the aforementioned leasehold estate hereby created in lieu of the foreclosure of any Leasehold Mortgage shall be deemed to be a sale, transfer or assignment of this Lease and of the leasehold estate hereby created requiring the prior written consent of the Issuer, the Trustee, the Bank and the Board pursuant to Section 8.1.

(f) Leasehold Mortgagee Need Not Cure Specified Defaults. Nothing herein contained shall require any Leasehold Mortgagee or its designee as a condition to its exercise of its right hereunder to cure any default of Lessee not reasonably susceptible of being cured by such Leasehold Mortgagee or its designee, in order to comply with the provisions of subsections (d) or (e) of this Section 8.7.

(g) Eminent Domain. Lessee's share, as provided by Article VI of this Lease, of the proceeds arising from an exercise of the power of Eminent Domain shall, subject to the provisions of such Article VI, be disposed of as provided for by any Leasehold Mortgage.

(h) Casualty Loss. A Standard Mortgagee Clause naming each Leasehold Mortgagee shall be added to any and all insurance policies required to be carried by Lessee hereunder on condition that the insurance proceeds are to be applied in the manner specified in this Lease and the Leasehold Mortgage shall so provide; except that the Leasehold Mortgage may provide a manner for the disposition of such proceeds, if any, otherwise payable directly to the Lessee (but not such proceeds, if any, payable

jointly to the Issuer and the Lessee) pursuant to the provisions of this Lease.

(i) No Merger. So long as any Leasehold Mortgage is in existence, unless all Leasehold Mortgagees shall otherwise expressly consent in writing, the fee title to the demised premises and the leasehold estate of Lessee therein created by this Lease shall not merge but shall remain separate and distinct, notwithstanding the acquisition of said fee title and said leasehold estate by Lessee or by a third party by purchase or otherwise.

(j) Notices. Notices from the Issuer and Trustee to the Leasehold Mortgagee shall be mailed to the address furnished Lessor pursuant to subsection (a) of this Section 8.7, and those from the Leasehold Mortgagee to the Issuer and Trustee shall be given as directed in Section 11.5 herein. Such notices, demands and requests shall be given by certified U.S. mail, return receipt requested.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

Section 9.1. Events of Default Defined. The term "Event of Default" shall mean any one or more of the following events:

(a) The failure by the Lessee to make any rental payment required to be made under Section 5.6(a) at the time specified therein.

(b) The failure of the Issuer to pay when due any payment of principal of or interest on or other amount payable under the Bonds.

(c) The occurrence of an "Event of Default" or "event of default" under any of the Existing Lease, the Indenture, the Remarketing Agreement, the Reimbursement Agreement or any of the other Letter of Credit Documents.

(d) Any representation or warranty of the Lessee contained in Section 2.2 hereof, in the Tax Certificate or in any document, instrument or certificate delivered pursuant hereto or to the Indenture or in connection with the issuance and sale of the Bonds shall be false or misleading in any material respect on the date as of which made.

(e) Failure by the Lessee to observe and perform any covenant, condition or agreement on the part of the Lessee under this Lease, other than as referred to in the preceding paragraphs of this Section 9.1, for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, is given to the Lessee by the Issuer or the Trustee; provided that if such failure is not capable of being cured within such 30 day period, and the Lessee is diligently attempting to accomplish such cure, such period shall be extended for such period as is reasonably required to affect such cure, but in no event more than six (6) months.

(f) The commencement against the Lessee of an involuntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar law, or of any action of proceeding for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Lessee or for any substantial part of its property, or for the winding-up or liquidation of its affairs and the continuance of any such

case, action, or proceeding unstayed and in effect for a period of 60 consecutive days.

(g) The commencement by the Lessee of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by it to, or its acquiescence in the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Lessee or of any substantial part of its property, or the making by it of or the consent by it to any assignment for the benefit of creditors, or the failure of the Lessee generally to pay its debts as such debts become due, or the taking of any action by the Lessee in furtherance of any of the foregoing.

(h) Failure by the Lessee to pay when due and within any applicable grace period any amount owing on account of indebtedness for money borrowed or for deferred purchases of property, or the failure by the Lessee to observe or perform any covenant or undertaking on its part to be observed or performed in any agreement evidencing, securing or relating to such indebtedness, if the effect of such default is to cause, or permit the holder or holders of such obligation (or a trustee for such holder or holders) to cause such obligation to become due prior to its stated maturity.

(i) The entry of a judgment or decree against the Lessee in an amount in excess of \$100,000 which remains undischarged and unstayed for a period of 60 consecutive days.

The Trustee shall give prompt notice of any Event of Default to the Bank.

Section 9.2. Remedies on Default. If Payment of the Bonds shall not have been made, whenever any Event of Default referred to in Section 9.1 hereof shall have happened and shall not have been cured or waived:

(a) The Issuer may, by written notice declare all rental payments under Section 5.6(a) for the remainder of the term of this Lease to be immediately due and payable, whereupon the same, shall become immediately due and payable without presentment, demand, protest or any other notice whatsoever, all of which are hereby expressly waived by the Lessee; provided, however, all such amounts shall automatically be and become immediately due and payable without notice upon the occurrence of any event described in

Section 9.1(f) or 9.1(g) hereof, which notice the Lessee hereby expressly waives;

(b) The Issuer or the Trustee may re-renter and take possession of the Project without terminating this Lease and sublease the Project for the account of the Lessee holding the Lessee liable for the difference between the rent and other amounts payable under such sublease and the rents and other amounts payable by the Lessee hereunder;

(c) The Issuer or the Trustee may terminate this Lease, exclude the Lessee from and take possession of the Project and use its best efforts to lease or sell the Project to another for the account of the Lessee, holding the Lessee liable for all rent and other payments due up to the effective date of such leasing or sale;

(d) In the event any of the Bonds shall at the time be Outstanding and unpaid, the Issuer and the Trustee may have access to and inspect, examine and make copies of books and records and any and all accounts, data and income tax and other tax returns of the Lessee only, however, insofar as they relate to the Project;

(e) The Issuer or the Trustee may take whatever action at law or in equity may appear necessary or desirable to collect the rent then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the Lessee under this Lease.

Prior to taking any other remedial action, the Trustee shall draw under the Credit Facility to the extent permissible thereunder.

In the enforcement of the remedies provided in this Section 9.2, the Issuer may treat all reasonable expenses of enforcement, including, without limitation, legal, accounting and advertising fees and expenses, as additional amounts payable by the Lessee then due and owing and the Lessee agrees to pay such additional amount upon demand, the amount of such legal fees to be without regard to any statutory presumption.

Section 9.3. Application of Amounts Realized in Enforcement of Remedies. Any amounts collected pursuant to action taken under Section 9.2 hereof shall be paid to the Trustee and applied to the payment of, first, any costs, expenses and fees incurred by the Issuer and the Trustee as a result of taking such action; second, any interest which shall have accrued on any overdue interest and any accrued interest on any overdue principal of the Bonds at the rate set forth in the Bonds; third, any overdue interest on the Bonds; fourth, any overdue principal of the

Bonds; fifth, the outstanding principal balance of the Bonds; and sixth, if Payment of the Bonds shall have been made, all remaining moneys as required by law.

Section 9.4. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 9.5. Agreement to Pay Attorneys' Fees and Expenses. During the continuation of any Event of Default, if the Issuer, the Trustee or any Bondholder employs attorneys or incurs other expenses for the collection of amount payable hereunder or for the enforcement of the performance or observance of any covenants or agreement on the part of the Lessee herein contained, the Lessee agrees that it will on demand therefor pay to the Issuer, the Trustee or such Bondholder the reasonable fees of such attorneys and such other reasonable expenses so incurred by the Issuer, the Trustee or such Bondholder, the amount of such fees of attorneys to be without regard to any statutory presumption.

Section 9.6. Correlative Waivers. If an event of default under Section 901 of the Indenture shall be cured or waived and any remedial action by the Trustee rescinded, any correlative default under this Lease shall be deemed to have been cured or waived.

ARTICLE X

PREPAYMENTS

Section 10.1. Optional Prepayments.

(a) The Lessee is hereby granted, and shall have, the option to prepay rental payments hereunder in whole or in part in accordance with, as set forth and subject to the same restrictions provided in Section 701 of the Indenture with respect to the prepayment of the Bonds; provided, all prepayments shall be made in Available Funds. If any such prepayment is to be made with the proceeds of a draw under the Credit Facility, the Credit Facility Issuer must consent to such prepayment. Any prepayment pursuant to this subsection (a) shall be made by the Lessee taking, or causing the Issuer to take, the actions required (i) for Payment of the Bonds, in the case of prepayment of rent in whole, or (ii) to effect prepayment of less than all of the Bonds according to their terms in the case of a partial prepayment of rent. No optional prepayment may be made pursuant to this paragraph 10.1(a) unless the Bonds are subject to optional redemption at such time.

(b) In the event of damage, destruction, or condemnation of the Project or any part thereof, the Lessee may, at its option, pursuant to Section 6.9 hereof and without penalty or premium, prepay rent in whole or in part; provided that any such prepayment shall be made in immediately available funds with accrued interest to the date of whole or partial prepayment. Any prepayment pursuant to this subsection (b) shall be made by the Lessee taking, or causing the Issuer to take, the actions required for the full or partial prepayment of the Bonds as provided for in subsection (a) hereof.

(c) To exercise the option granted in subsection (a) or (b) of this Section 10.1, the Lessee shall give written notice to the Issuer, the Credit Facility Issuer and the Trustee which shall specify therein (i) the date of the intended prepayment of rent, which shall not be less than 30 nor more than 60 days from the date the notice is mailed and (ii) the amount of rent applicable to principal of Bonds to be prepaid. When given, such notice shall be irrevocable by the Lessee.

Section 10.2. Mandatory Prepayments.

(a) In the event of a Determination of Taxability, the Lessee shall, on a date selected by the Lessee not more than

120 days following the date of the Determination of Taxability, prepay all rent in full. Immediately upon the occurrence of a Determination of Taxability, the Lessee shall notify the Issuer, the Credit Facility Issuer and the Trustee of the date selected for payment pursuant to this Section 10.2.

(b) Prior to the Conversion Date, or, if a Credit Facility is to be in effect after the Conversion Date, then at any time, in the event any Credit Facility is not renewed and an Alternate Credit Facility has not been provided in accordance with Sections 202(e) and 603 of the Indenture, the Lessee shall on or before the Interest Payment Date occurring closest to but not less than 10 days prior to the expiration date of the then current Credit Facility, prepay all rent. The Lessee shall promptly notify the Issuer, the Credit Facility Issuer and the Trustee of the date selected for such payment.

Section 10.3. Other Mandatory Prepayments. The amounts required to be applied to the prepayment of rent by Sections 4.3, 4.4, 5.3 and 6.9 hereof shall be applied by the Lessee to prepay, together with accrued interest, all or a portion of rent to become due. Such prepayment shall be made by the Lessee taking, or causing the Issuer to take, the actions required (i) for payment of the Bonds, whether by redemption prior to the maturity or by payment at maturity, or (ii) to effect the purchase, redemption or payment at maturity of less than all of the installments of principal on the Bonds.

SECTION 10.4. Unqualified Option to Purchase. During the Lease Term and any renewal term hereof and for 90 days thereafter, the Lessee shall have the unconditional right and option to purchase the Project at any time.

SECTION 10.5. Purchase Price. The purchase price payable if the Lessee purchases the Project pursuant to the provisions of this Article XI shall be (a) \$100 to be paid to the Issuer plus (b) the full amount necessary under the provisions of the Indenture to pay or redeem (on the first date thereafter on which all Outstanding Bonds may be redeemed pursuant to the Indenture after giving the necessary notice) all Outstanding bonds (including, without limitation, principal, interest, redemption premiums, if any, expenses of redemption and the Trustee's, paying agent's and any bond registrar's fees accrued and to accrue through final payment of the Bonds and all other liabilities of the Lessee accrued under this Lease and the Indenture), but after deduction of any amount then in the Bond Fund and available for payment and redemption, which amount shall be paid to the Trustee for deposit into the Bond Fund. In any case, if no Bond shall be Outstanding at the time of purchase, or

the redemption or payment of the Bonds shall be or have been otherwise provided for, the purchase price of the Project shall be \$100 to be paid to the Issuer.

SECTION 10.6. Procedure for Exercise of Option To Purchase. The Lessee may exercise its option to purchase hereunder by (a) giving written notice to the Issuer of its intention to purchase the Project pursuant to the provisions of this Article X specifying the time and place of closing and (b) by giving notice to the Issuer and the Trustee to provide for redemption of the Outstanding Bonds as provided in Section 10.1. At the closing the Issuer shall, upon payment of the purchase price hereinabove specified, deliver to the Lessee appropriate conveyance instruments transferring good and marketable title to the Project, subject to the following:

(w) those security interests, liens and encumbrances created by the Lessee or to the creation or suffering of which the Lessee consented;

(x) those security interests, liens and encumbrances resulting from the failure of the Lessee to perform or observe any of the agreements on its part contained in this Lease;

(y) Permitted Encumbrances other than this Lease or the Indenture; and

(z) if the Project is condemned, the rights and title of the condemning authority.

The closing shall be within 60 days after written notice is given by the Lessee of its intention to exercise any of the options, unless otherwise agreed by the parties hereto.

SECTION 10.7. Option to Renew. If the Lessee is not then in default hereunder, it shall have the option to renew this Lease for such additional term or terms of one year each as the Lessee may determine, but in no event shall the Lease Term and the renewal terms exceed in the aggregate a period of 99 years. Such option to renew shall be deemed to have been exercised at the expiration of the Lease Term and each renewal term unless written notice to the contrary shall have been given to the Issuer at least 1 month prior to the then termination date. The cash rental payable by the Lessee for each 1 year renewal term shall be \$24,375, provided however, that any amounts paid by the Lessee as ad valorem taxes on the Project with respect to each one year renewal term shall be credited against the cash rentals payable by the Lessee for such one year renewal term. Otherwise all the terms and conditions contained herein to the extent applicable shall apply during each such renewal term except that (a) the provisions of Article VI and Section 7.10 shall not apply

and (b) the Lessee shall thereupon have sole right to any insurance proceeds or condemnation award relating to the Project.

SECTION 10.8. Option to Purchase Unimproved Portion of Project Site. The Lessee shall have, and is hereby granted, the option to purchase any part of the Project Site (the "Option Site") (on which neither the Building nor any Leased Equipment is located but upon which any transportation or utility facilities may be located) at any time and from time to time at and for a purchase price equal to the cost thereof to the Issuer, on a pro rated basis, provided that the Lessee and the Issuer furnish the Trustee with the following:

(a) A notice in writing from the Lessee to the Issuer containing (i) an adequate legal description of the Option Site, (ii) a statement that the Lessee intends to exercise its option to purchase the Option Site on a date stated, and (iii) a statement that the Lessee is not in default under any of the provisions of this Lease.

(b) A certificate of an Independent Engineer dated not more than 90 days prior to the date of the purchase and stating that, in the opinion of said Independent Engineer, (i) the Option Site is not needed for the operation of the Project for the purposes hereinabove stated and (ii) the purchase will not materially impair the usefulness of the Building as an enterprise permitted by the IDB Act and will not materially interfere with the means of ingress thereto and egress therefrom.

(c) A resolution of the Issuer (i) stating that the Issuer is not in default under any of the provisions of the Indenture and that the Lessee is not to the knowledge of the Issuer in default under any of the provisions of this Lease, (ii) giving an adequate legal description of the Option Site (together with the interest in such portion), (iii) stating the purpose for which the Issuer desires the release, and (iv) requesting such release.

(d) An amount of money equal to the purchase price provided for in this Section.

(e) The written consent of the holders of 51% of the outstanding principal amount of the Bonds; or, if a Credit Facility is in effect, the approval of the Credit Facility Issuer.

If all of the conditions of this Section are met, the amount payable by the Lessee shall be retained by the Lessee and applied as set forth in Section 6.13 and the Trustee shall release the Option Site from the Indenture. In the event the Lessee shall exercise the option granted to it under this Section, the Lessee shall not be entitled to any abatement, diminution or

postponement of the rents payable under Section 5.6(a) and if such option relates to land which is part of the Site on which transportation or utility facilities are located, the Issuer shall retain an easement to use such transportation or utility facilities to the extent necessary for the efficient operation of the Project.

ARTICLE XI

MISCELLANEOUS

Section 11.1. References to the Bonds Ineffective After Bonds Paid. Upon Payment of the Bonds, all references in this Lease to the Bonds shall be ineffective and the Issuer and any holder of the Bonds shall not thereafter have any rights hereunder, excepting reporting and payment of rebate amounts and other payments under the Tax Certificate.

Section 11.2. No Implied Waiver. In the event any agreement contained in this Lease should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach thereunder or hereunder. Neither any failure nor any delay on the part of the Trustee to exercise any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof, or the exercise of any other right, power or privilege.

Section 11.3. Issuer Representative. Whenever under the provisions of this Lease the approval of the Issuer is required or the Issuer is required to take some action at the request of the Lessee, such approval shall be made or such action shall be taken by the Issuer Representative; and the Lessee, the Trustee and the Bondholders shall be authorized to rely on any such approval or action.

Section 11.4. Lessee Representative. Whenever under the provisions of this Lease the approval of the Lessee is required or the Lessee is required to take some action at the request of the Issuer, such approval shall be made or such action shall be taken by the Lessee Representative; and the Issuer, the Trustee and the Bondholders shall be authorized to act on any such approval or action.

Section 11.5. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered by hand delivery or three days after being mailed by first class, postage prepaid, registered or certified mail, addressed as follows: if to the Issuer, to DeSoto County, Mississippi, County Courthouse, Hernando, Mississippi 38632, Attention: Clerk, Board of Supervisors; if to the Lessee, to American Soap Company, Inc., 11170 Green Valley Drive, Olive Branch, Mississippi 38654, Attention: Executive Vice-President; if to the Trustee, to Trustmark National Bank, 248 E. Capitol Street, Jackson, Mississippi 39201, Attention: Corporate Trust Department; if to the Bank, to Sovran

Bank/Central South, One Commerce Place, Nashville, Tennessee 37219. The Issuer, the Lessee, the Trustee or the Bank may, by notice given hereunder, designate from time to time any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Any notice given to one or more of the parties listed above shall be given to the others listed above as well.

Section 11.6. Payment or Performance on a Legal Holiday. If the specified or last date for the making of any payment, the performance of any act or the exercising of any right, as provided in this Lease, shall be a day other than a Business Day, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed; provided that interest shall accrue during any such period during which payment shall not occur.

Section 11.7. Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Issuer, the Lessee and their respective successors and assigns, subject to the provisions of Section 8.3 hereof.

Section 11.8. Severability. In the event any provision of this Lease, shall be held invalid or unenforceable by any court or competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof or thereof.

Section 11.9. Amendments, Changes and Modifications. Subsequent to the issuance of the Bonds and prior to Payment of the Bonds, this Lease and the other Bond Documents, may not be effectively amended, changed, modified, altered or terminated except in accordance with the Indenture and Section 8.7 hereof.

Section 11.10. Execution in Counterparts. This Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument, and no one counterpart of which need be executed by all parties.

Section 11.11. Applicable Law. This Lease shall be governed by and construed in accordance with the laws of the State.

Section 11.12. No Charge Against Issuer's Credit. No provisions hereof shall be construed to impose a charge against the general credit of the Issuer or any personal or pecuniary liability upon any official, employee or agent of the Issuer.

Section 11.13. Issuer Not Liable. Notwithstanding any other provision of this Lease (a) the Issuer shall not be liable

to the Lessee, the Trustee, any Bondholder or any other Person for any failure of the Issuer to take action under this Lease unless the Issuer (i) is requested in writing by an appropriate Person to take such action, (ii) is assured of payment of or reimbursement for any expenses in such action, and (iii) is afforded, under the existing circumstances, a reasonable period to take such action, and (b) except with respect to any action for specific performance or any action in the nature of a prohibitory or mandatory injunction, neither the Issuer nor any official, employee or agent of the Issuer shall be liable to the Lessee, the Trustee, any Bondholder or any other Person for any action taken by the issuer or by its officers, servants, agents or employees, or for any failure to take action under this Lease or the other Bond Documents to which the Issuer is a party. In acting under this Lease, or in refraining from acting under this Lease, the Issuer may conclusively rely on the advice of its counsel.

Section 11.14. Expenses. The Lessee agrees to pay all reasonable fees and expenses incurred in connection with the preparation, execution, delivery, modification, waiver, and amendment of this Lease, the other Bond Documents and related documents, and the fees and expenses of bond counsel and counsel for the Issuer. The Lessee also agrees to pay all expenses incurred by the Trustee or the issuer in collection of any indebtedness incurred hereunder in the event of default by the Lessee, provided that the amount of any legal fees so incurred shall be without regard to any statutory presumption.

Section 11.15. Amounts Remaining with the Trustee. Any amounts remaining in the Project Fund, the Bond Fund or otherwise in trust with the Trustee under the Indenture or this Lease shall, after Payment of the Bonds and all Administrative Expenses in accordance with this Lease, be disbursed by the Trustee in accordance with the provisions of the Indenture or otherwise as may be required by law.

SECTION 11.16. Recordation. This Lease and every assignment and amendment hereof, shall be recorded in the office of the Clerk of the Chancery Court of DeSoto County, Mississippi, or in any other such office which may at the time provided by law be the proper place for the recordation of a deed conveying the Project.

SECTION 11.17. Effective Date; Counterparts. This Lease shall become effective upon its delivery. It may be executed simultaneously in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Issuer and the Lessee have caused this Lease to be executed in their respective legal names by their duly authorized representatives and their respective seals to be hereunto affixed, and the signatures of duly authorized persons to be attested, all as of the date first above written although actually executed on the dates set forth in their respective acknowledgments attached hereto.

DESOTO COUNTY, MISSISSIPPI

ATTEST:

W. E. Davis
Clerk, Board of Supervisors

By: [Signature]
President,
Board of Supervisors

(Seal)

[Execution by the Lessee follows on the next page.]

AMERICAN SOAP COMPANY, INC.

By: Alfred V. [illegible]
[illegible]

ATTEST:

[illegible signature]
(Corporate Seal)

EXHIBIT A

Project Site

Lots 20 and 21, Replat Section "A", Holiday Industrial Park (now known as Metro Industrial Park), situated in Sections 13 and 24, Township 1 South, Range 6 West, DeSoto County, Mississippi, shown on Plat of record in Plat Book 14, Pages 11-15, Chancery Court Clerk's Office, DeSoto County, Mississippi; and also the parcel described as:

Beginning at the Southeast corner of Lot 22, Replat of Sec. A, Holiday Industrial Park (now known as Metro Industrial Park) shown on Plat of record in Plat Book 14, Pages 11-15, Chancery Clerk's Office, DeSoto County, Mississippi. Thence North 89 deg. 41 min. 20 sec. West along the South line of Lot 22, a distance of 64.80 ft. to a point; thence North 0 deg. 19 min. East, along the East edge of a one Story Metal Bldg. and the Projection thereof 305.00 ft. to a point; thence South 89 deg. 41 min. 20 sec. East 64.8 ft. to a point in the East line of Lot 22; thence South 0 deg. 19 min. West, along the East line of Lot 22, a distance of 305.00 ft., to the Point of Beginning. Containing 19,764.0 square ft. or 0.454 acres, being situated in Section 24, Township 1 South, Range 6 West, DeSoto County, Mississippi.

EXHIBIT "A" TO LEASE AGREEMENT BETWEEN DESOTO COUNTY, MISSISSIPPI AND AMERICAN SOAP COMPANY, INC., DATED AS OF NOVEMBER 1, 1988.

EXHIBIT B

Leased EquipmentMAZZONI PROCESSING EQUIPMENT

SCNC-N Plant
Spent Lye Treatment Plant
Super Fattening System
Glycerine Refining
Neat Soap Storage Tank
Boiler Plant
Chilled Water Plant (Manufactured by
Application Engineering)
Air Supply: Air Compressor, Dryer
& Cooler
Tank Farm & Service Tanks

MAZZONI FINISHING EQUIPMENT

Conveyors
TCS Cutter
Three (3) STHU Presses
Four (4) TH Cutters
Tri-Plex M-250 Plodder
Three (3) Tri-Plex Nova 150 Plodders

ACMA PACKAGING EQUIPMENT

Three (3) ACMA 731 Wrapping Machines
One (1) Clark Forklift

EXHIBIT "B" TO LEASE AGREEMENT BETWEEN DESOTO COUNTY,
MISSISSIPPI AND AMERICAN SOAP COMPANY, INC., DATED AS OF
NOVEMBER 1, 1988.

ACKNOWLEDGEMENT OF ISSUER

STATE OF MISSISSIPPI
COUNTY OF DESOTO

Personally appeared before me, the undersigned authority in and for the jurisdiction aforesaid, the within named E. L. L. L. and L. E. T. L., who acknowledged to me that they are President and Clerk, respectively, of the Board of Supervisors of DeSoto County, Mississippi (the "Issuer"), and that for and on behalf of the Issuer and as its act and deed, they signed, sealed and delivered the above and foregoing instrument on the day and in the year therein mentioned, they being first duly authorized so to do by the Issuer.

GIVEN under my hand and official seal this, the 14th day of November, 1988.

[Signature]
NOTARY PUBLIC

My Commission Expires:

10-2-89

ACKNOWLEDGMENT OF LESSEE

STATE OF MISSISSIPPI
COUNTY OF DE SOTO

Personally appeared before me, the undersigned authority in and for the jurisdiction aforesaid, the within named Huey L. Holden and Herbert Glazer, who acknowledged to me that they are the Executive V.P. & Sec. and Company Counsel of American Soap Company, Inc., a Mississippi corporation, and that for and on behalf of said corporation and as its act and deed, they signed, sealed and delivered the foregoing instrument on the day and in the year therein mentioned, they being first duly authorized so to do by said corporation.

WITNESS MY HAND AND OFFICIAL SEAL, this the 14th day of November, 1988.

[Signature]
NOTARY PUBLIC

My Commission Expires: